



The MetroHealth System

Board of Trustees

Wednesday, February 28, 2024

2:00pm - 3:30pm

The MetroHealth System Board Room K-107 or via Zoom

Finance Committee

Regular Meeting

The MetroHealth System Board of Trustees

FINANCE COMMITTEE

DATE: Wednesday, February 28, 2024

TIME: 2:00-3:30 pm

PLACE: MetroHealth System Board Room K107 / Via Zoom
<https://us02web.zoom.us/j/82048927830>

AGENDA

- I. **Approval of Minutes**
Finance Committee Meeting Minutes of October 25, 2023

- II. **Information Items**
 - A. Fourth Quarter 2023 Investment Performance – A. Blake, Clearstead

 - B. Fiscal Year 2023 Financial Results – Dr. Steed, D. Hollings, C. Morales

- III. **Executive Session**

The MetroHealth System Board of Trustees

FINANCE COMMITTEE

October 25, 2023

3:00-5:00 pm

The MetroHealth Board Room K107 or Zoom

<https://us02web.zoom.us/j/82877117816>

Meeting Minutes

Committee John Moss-I¹, JB Silvers-I

Members Present:

Other Trustees Present: Inajo Chappell- R², E. Harry Walker-I, Maureen Dee-I, John Corlett-I, E. Harry Walker MD-I, Robert Hurwitz-R

Staff Present: Dr. Airica Steed- R, Nicholas Bernard-I, Laura Black-I, Dr. Richard Blinkhorn-I, Kate Brown-I, Dr. Nabil Chehade-I, Geoff Himes-I, Derrick Hollings-I, Dr. Olusegun Ishmael-I, Julie Jacono-I, Dr. William Lewis-I, Christina Morales-I, Dr. Holly Perzy-I, Sonja Rajki- I, Brad Schwartz-I, Nicholas Sukalac-I, Adam Winston- I

Guests Present: Adam Blake-I (Clearstead), Suzanne Aral-Boutros-I, Jasmine Boutros-I

Mr. Moss called the meeting to order at 3:05 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 August 23, 2023, Finance Committee meeting were approved as submitted.

II. **Information Items**

A. Third Quarter 2023 Investment Performance - Adam Blake, Clearstead

¹ I – In-person

² R - Remote



The MetroHealth System Board of Trustees

Mr. Blake, Senior Managing Director from Clearstead (the System's investment advisor), reviewed the Oversight Dashboard, which captures important activities required for appropriate investment portfolio management and subcommittee oversight.

Mr. Blake then provided the investment subcommittee with an economic and market update, and review of the investment portfolio's performance in the third quarter of 2023. Mr. Blake also provided an investment policy review and a preview of the 2024 dashboard. Mr. Blake stated that The Fed is likely to continue tighter monetary policy amidst stronger than expected growth and headline inflation.

Mr. Blake discussed tailwinds and headwinds moving into 2024. The fourth quarter is historically strong for the S&P 500. Job growth slowing but labor markets are still strong; unemployment claims near 2023 lows. Potential headwinds include consumers slowing, debt building, defaults rising in riskier cohorts (corporate and consumer).

Despite a lot of volatility in the capital markets, the System experienced about \$1.9 million in interest income and about \$3.3 million in unrealized losses in the non-reserve pool. Collectively the System's investments were off by \$1.3 million. The reserve pool is up 70 basis points, and the non-reserve pool is down 3.8%. The total System investment portfolio is down 30 basis points for the third quarter of 2023.

Mr. Blake proposed a modest rebalancing recommendation to reduce emerging markets and reallocate to developed international. Total international equity remains underweight.

Mr. Blake then gave a review of the investment policy that was adopted on April 12, 2018. A minimum of 60% of the portfolio has to be invested in fixed income. \$300 million must always be in the Reserve Pool. Anything over \$300 million is eligible for the Non-Reserve Pool which can be 100% equity or fixed income, no alternatives.

B. Third Quarter 2023 Financial Results

Mr. Moss began by introducing the new MetroHealth CFO Derrick Hollings to the rest of the meeting attendees. Mr. Hollings began by providing an overview of the Unaudited Financial and Operational Results for the period ended September 30, 2023, compared to the same time in 2022, highlighting significant items that represented a change or variance from the prior year.



The MetroHealth System Board of Trustees

Mr. Hollings spoke of the operating revenue increase from the same period of 2022, from \$1.18 billion to \$1.33 billion as of September 30, 2023. And increase of \$152 million or 12.9%. Expenses have increased due to salaries, wages, and benefits. Pharmaceutical costs related to the continued growth in retail pharmacy operations at \$40.4 million.

Mr. Hollings discussed the statement of net position. Net patient service revenue increased \$75.1 million or 8.8%. Other revenue increased \$76.9 million or 23.2%, mainly due to the continued growth in retail pharmacy operations. The System recorded total operating expenses before interest, depreciation, and amortization (EBIDA) of \$1.24 billion for the nine months ended September 30, 2023, as compared to \$1.08 billion for the same period in 2022, an increase of \$158.6 million or 14.6%. The increase in operating expenses was primarily driven by salaries, wages, and benefits at \$99.5 million. Expenses also increased due to pharmaceutical costs related to the continued growth in retail pharmacy operations at \$40.4 million. EBIDA for the nine months ended September 30, 2023, was \$91.0 million, a decrease of \$6.5 million or 6.7% over the same period in 2022, which had an EBIDA of \$97.5 million. The EBIDA decrease is primarily due to the labor shortage. As of September 30, 2023, total assets were \$2.5 billion, a decrease of \$84.1 million from the prior year-end.

Mr. Hollings concluded his remarks by pointing out that the EBIDA is currently \$91.0 million. The year ending 2023 EBIDA should be approximately \$108.0 million which will compare favorably to the adjusted EBIDA of \$134.0 million.

IV. Executive Session

Mr. Moss stated that the next items were topics for an executive session. He asked for a motion to go into executive session to discuss hospital trade secrets as defined by ORC 1333.61. Dr. Walker moved and Ms. Inajo Chappell seconded the motion. The Board held a roll call vote with all Trustees voting to approve the motion to go into executive session for the purpose stated by Mr. Moss.

Members of the public were excused. The Board went into executive session to discuss the identified matters at 3:32 pm.

Following the executive session, the meeting reconvened in open session at approximately 4:00 pm and welcomed back the public via Zoom and those members of the public who remained in-person.

V. 2024 MetroHealth Operating Budget and Capital Budget



The MetroHealth System Board of Trustees

A. Recommendation for the Approval of the 2024 MetroHealth Operating Budget and Capital Budget

Mr. Hollings presented the MetroHealth 2024 Operating Budget. Total operating revenues are \$1.946 billion. \$1.157 billion in net patient revenues and another \$214 million in supplemental payments. \$574 million consists of retail pharmacy revenue. Operating expenses are \$1.806 billion. \$1.163 billion in labor costs. Depreciation and interest are \$162 million and department expenses are \$643 million. Taking the operating revenue and operating expenses together leads to a \$143.22 EBIDA.

Mr. Hollings then spoke about the Capital Budget at \$40 million for routine capital outlays and related that it does not include the entire master campus plan. 35% of this budget is allocated to information technology, 35% to facilities and 30% to clinical operations.

Mr. Moss asked for a motion on the resolution for approval of a Proposed budget for the 2024 Fiscal Year and to Authorize the Submission of the same to the Government of Cuyahoga County which was given, seconded and the Resolution to Approve the Proposed Budget for the 2024 Fiscal Year and to Authorize the Submission of the same to the Government of Cuyahoga County, Ohio was approved unanimously. Resolution 19586

Mr. Moss then asked for a motion on the resolution for Approval of Certain Annual Purchasing Policies and Procedures which was given, seconded and the Resolution to Approve Certain Annual Purchasing Policies and Procedures was approved unanimously. Resolution 19584

Mr. Moss stated there was no further business to bring before the Committee, the meeting was adjourned at approximately 5:07 pm.

Derrick Hollings,
Chief Financial Officer





February 28, 2024

METROHEALTH SYSTEM INVESTMENT COMMITTEE MEETING



*1100 Superior Avenue East Suite 700
Cleveland, Ohio 44114
216.621.1090 | clearstead.com*

CLEARSTEAD OVERVIEW

\$32 BILLION*
ASSETS UNDER ADVISEMENT

1989
YEAR ESTABLISHED

170+*
NUMBER OF EMPLOYEES

PRIVATE WEALTH MANAGEMENT

Comprehensive Services

Financial & Estate Planning
Tax Strategy & Compliance
Investment Advisory
Family Office Administration
Trust Administration Services



INVESTMENT OFFICE

Thought Leadership

Research Corner
ClearPoint
Market Minute
Clearstead Investment Forum Podcast



INSTITUTIONAL INVESTMENT CONSULTING

Customized Services

Investment Advisory & Fiduciary Services
Governance & Oversight
Retirement Plan Consulting
Outsourced Chief Investment Officer
eVestech Client Portal



FIRM DEVELOPMENTS

Acquisitions & Growth

- ▶ Avalon Trust – Santa Fe, NM
- ▶ Business of CLS Consulting
- ▶ Team Expansion in Hudson, OH
- ▶ New senior professionals:
 - ▷ Ken Morgan, CFP®, CIMA®, CTFA, AEP®, CEPA
Senior Managing Director
 - ▷ Cara Wood, CFA, CAIA
Senior Managing Director
 - ▷ Ron Uille, CFA
Senior Managing Director

Management Succession – Organizational Changes & Promotions

We began facilitating leadership succession, which resulted in the following changes:

- ▶ Dave Fulton, Co-Chairman & Chief Executive Officer
- ▶ Carl Tippit, Co-Chairman
- ▶ Brad Knapp, President
- ▶ Trent Meyerhoefer, Chief Financial Officer
- ▶ Aneet Deshpande, Executive Managing Director, Investment Strategy
- ▶ Mike Shebak, Executive Managing Director, Institutional Consulting Services
- ▶ Satricia Rice, Executive Managing Director, Private Client Services
- ▶ Mike Moss, Senior Managing Director, Corporate Development

Expansion of Client Services

- ▶ Investing in technology to enhance services



2023 Impact Report



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*Approximate as of 12/31/2023; Employees and assets of Clearstead Trust and Avalon Trust included, which are not registered by the SEC



CONTENTS

1. 2024 Oversight Dashboard
2. Economic and Market Update
3. 12/31/2023 Performance Review
4. Clearstead Due Diligence Process and Equity Review
5. Portfolio Recommendations

Appendix

Additional Performance Slides

Detailed Equity Portfolio Analysis

2024 OVERSIGHT DASHBOARD

Last Reviewed	
Investment Policy:	10/25/23
Strategic Asset Allocation:	08/23/23
Fee Review:	04/26/23

		4Q 23	1Q 24	2Q 24	3Q 24	Comments:
Strategic/ Administrative	Investment Policy Review				<input type="checkbox"/>	
	ESG Education		<input type="checkbox"/>			
	Strategic Asset Allocation Review			<input type="checkbox"/>		
	Fiduciary Education			<input type="checkbox"/>		
	2025 Oversight Dashboard				<input type="checkbox"/>	
Portfolio	Reserve Pool Fixed Income Review		<input type="checkbox"/>			
	Domestic Equity Review	✓				
	International Equity Review	✓				
	Clearstead Due Diligence Process	✓				
	Portfolio Rebalancing	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Performance	Capital Markets Review	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
	Quarterly Performance Review	✓	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Other	Clearstead Firm Update	✓				
	Fee Review		<input type="checkbox"/>			





ECONOMIC AND MARKET UPDATE

QUARTERLY THEMES

WHAT HAPPENED LAST QUARTER?

- Positive quarter across all major asset classes fueled by anticipated interest rate cuts in CY2024
 - Energy was the only negative performing sector as commodity prices fell
- Growth equities, specifically the “Magnificent Seven”, outperformed value-oriented equities
 - Market returns broadened, but mega-cap tech names drove 80% of S&P 500 returns
- Global equities experienced double digit returns following strong 4th quarter rebound:
 - **Quarter:** S&P 500 +11.7%; MSCI EAFE +10.4%; MSCI Emerging Markets +7.9%; Bloomberg US Agg +6.8%
 - **2023:** S&P 500 +26.3%; MSCI EAFE +18.2%; MSCI Emerging Markets +9.8%; Bloomberg US Agg +5.5%

LOOKING FORWARD:

- Fundamentals support potential “soft landing” for global economy
 - Expect slower growth and moderating inflation to continue
 - Potential shocks - U.S. election, higher policy rates, or significant geopolitical tension
- Corporate earnings and profit margin resiliency will be tested
- Wage growth is the largest risk to disinflationary trends and corporate margins
- Continued labor market strength and consumer/business spending warranted for market support
- Fixed Income and Cash yields remain attractive

Source: Clearstead, Federal Reserve, Bloomberg LP. As of 12/31/2023. Past performance is not an indicator of future results.

HEADWINDS AND TAILWINDS



TAILWINDS

- Presidential cycle generally supportive of gains
- Corporate America working through higher rates - earnings and margins improving
- Services economy still moderately expanding
- Diversification away from “Magnificent 7” should not hinder returns
- Strong consumer – at full employment, unemployment claims near historic lows, and job growth still positive



HEADWINDS

- Treasury supply surging; rates may move higher
- Potential drag from student loan payments resuming
- Debt building, defaults rising in riskier cohorts (corporate and consumer)
- Manufacturing still in contraction; global growth environment weak
- Fiscal policy likely to exert a modest drag on growth in 2024
- Disconnect between Fed & Market (on rate cuts) corrects in-favor of Fed

Source: Clearstead. As of 12/31/2023.



12/31/2023 PERFORMANCE REVIEW

TOTAL SYSTEM SNAPSHOT: 12/31/2023

	System	Select Assurance	Total
Clearstead Investment Reports	\$ 493,577,598	\$ 98,237,421	\$ 591,815,019
Cash on Hand (Operating Accounts)	87,783,030	15,227,481	103,010,511
Other Investments (Premier shares, Recovery Resources, MHS Purchasing, MHS Care Innovation)	9,251,575	-	9,251,575
Total Cash & Unrestricted Investments	\$ 590,612,203	\$ 113,464,902	\$ 704,077,105

	Reserve Pool	Non Reserve Pool	Total
Clearstead System Report	\$ 266,008,795	\$ 227,568,803	\$ 493,577,598
Clearstead Select Assurance Report	-	98,237,421	98,237,421
System Cash Balance	87,783,030	-	87,783,030
Select Assurance Cash Balance	15,227,481	-	15,227,481
Other Investments	-	9,251,575	9,251,575
Total Cash & Unrestricted Investments	\$ 369,019,306	\$ 335,057,799	\$ 704,077,105

METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: 12/31/2023

		Starting Balance	Net Cash Flow	Net Investment Change	Ending Balance
2019	Reserve	\$346,390,927	(\$40,684,362)	\$10,486,231	\$316,192,796
	Non-Reserve	\$33,511,686	\$37,500,000	\$15,894,971	\$86,906,657
	Total	\$379,902,613	(\$3,184,362)	\$26,381,202	\$403,099,453
2020	Reserve	\$316,192,797	\$224,762,533	\$8,090,467	\$549,045,797
	Non-Reserve	\$86,906,657	\$0	\$15,698,611	\$102,605,268
	Total	\$403,099,454	\$224,762,533	\$23,789,078	\$651,651,065
2021	Reserve	\$549,045,797	(\$90,653,379)	(\$1,307,079)	\$457,085,339
	Non-Reserve	\$102,605,268	\$100,000,000	\$22,686,324	\$225,291,592
	Total	\$651,651,065	\$9,346,621	\$21,379,245	\$682,376,931
2022	Reserve	\$457,085,339	(\$122,436,356)	(\$7,645,744)	\$327,003,239
	Non-Reserve	\$225,291,592	\$0	(\$26,458,875)	\$198,832,717
	Total	\$682,376,931	(\$122,436,356)	(\$34,104,619)	\$525,835,956
2023	Reserve	\$327,003,239	(\$73,829,293)	\$12,834,850	\$266,008,796 *
	Non-Reserve	\$198,832,717	\$0	\$28,736,087	\$227,568,804
	Total	\$525,835,956	(\$73,829,293)	\$41,570,937	\$493,577,600 **

*The Reserve Pool balance excludes approximately \$69.3 million in System operating cash.

** The overall balance does not include \$98.1 million of Captive investments and \$15.2 million of Captive operating cash.

SELECT ASSURANCE CAPTIVE: ATTRIBUTION OF MARKET VALUE CHANGE: 12/31/2023

	Starting Balance	Contributions	Withdrawals	Net Investment Change	Ending Balance
2019	\$16,501,370	\$10,750,000	(\$5,847)	\$3,695,567	\$30,941,090
2020	\$30,941,090	\$20,007,000	(\$9,488)	\$4,978,665	\$55,917,267
2021	\$55,917,267	\$20,000,000	(\$13,520)	\$5,324,796	\$81,228,543
2022	\$81,228,543	\$10,000,000	(\$17,920)	-\$9,329,858	\$81,880,765
2023	\$81,880,765	\$5,000,000	(\$20,036)	\$11,376,692	\$98,237,421 *

- The Investment Committee of the Captive has been given authority by the Captive Board to invest operating cash that is in excess of \$10 million within the guidelines of the investment policy

* Balance excludes operating cash, \$15.2 million

METROHEALTH: PERFORMANCE SUMMARY 12/31/2023

	QTD (%)	1 Yr (%)	2 Yr (%)	3 Yr (%)	5 Yr (%)	2022 (%)	2021 (%)	2020 (%)	Inception (%)	Inception Date
Total Plan	4.6	8.7	1.6	2.1	3.4	-5.0	3.2	3.9	3.2	Aug- 18
Non-Reserve Long-Term Pool	11.8	23.1	-0.3	6.6	13.1	-19.2	21.9	18.0	9.3	Aug- 18
<i>Non-Reserve LT Pool Benchmark¹</i>	11.6	23.9	0.5	7.2	13.6	-18.5	21.9	18.8	10.0	
Total Equity	11.8	23.2	-0.3	6.6	13.1	-19.2	21.9	18.0	9.3	Aug- 18
Total Domestic Equity	11.8	24.4	0.4	8.2	14.5	-19.0	25.7	18.8	10.8	Aug- 18
<i>Russell 3000 Index</i>	12.1	26.0	0.9	8.5	15.2	-19.2	25.7	20.9	11.5	
<i>Russell 2000 Index</i>	14.0	16.9	-3.5	2.2	10.0	-20.4	14.8	20.0	5.1	
<i>S&P 500 Index</i>	11.7	26.3	1.7	10.0	15.7	-18.1	28.7	18.4	12.1	
Total International Equity	12.0	16.9	-3.6	-0.5	6.7	-20.5	6.1	14.4	3.0	Aug- 18
<i>MSCI AC World ex USA (Net)</i>	9.8	15.6	-1.5	1.5	7.1	-16.0	7.8	10.7	3.8	
Total Fixed Income & Cash	1.3	4.7	2.9	1.9	1.6	1.1	0.0	0.3	1.6	Aug- 18
Non-Reserve Short-Term Pool	2.5	5.5	1.4	-	-	-2.6	-	-	1.1	May- 21
<i>Blmbg. U.S. Treasury: 1-3 Year</i>	2.6	4.3	0.2	-0.1	1.3	-3.8	-0.6	3.2	-0.1	
Reserve Pool	2.3	4.6	1.4	0.9	1.7	-1.6	-0.3	2.5	1.8	Aug- 18
<i>Blmbg. U.S. Treasury: 1-3 Year</i>	2.6	4.3	0.2	-0.1	1.3	-3.8	-0.6	3.2	1.5	
Total Fixed Income	2.3	4.6	1.4	0.9	1.7	-1.6	-0.3	2.5	1.8	Aug- 18

¹Russell 3000 Index: 80.00%, MSCI AC World ex USA (Net): 20.00%



CLEARSTEAD DUE DILIGENCE PROCESS AND EQUITY REVIEW

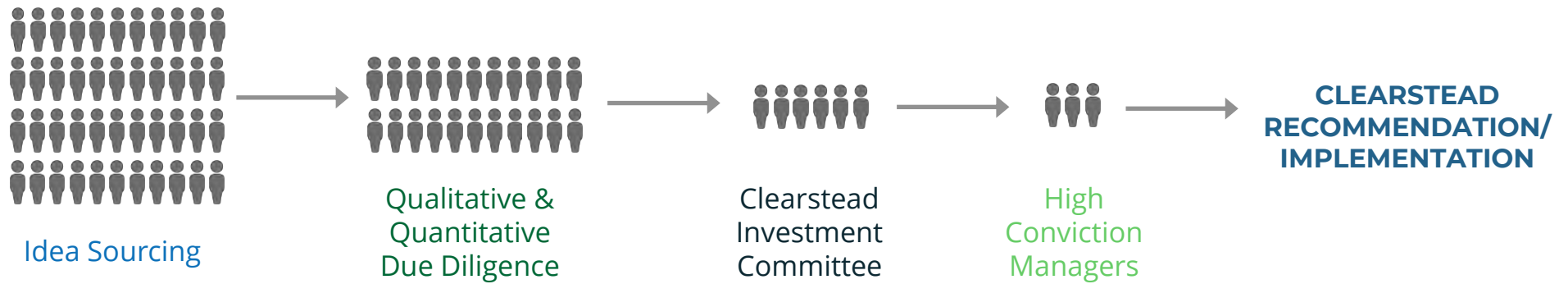
CLEARSTEAD INVESTMENT OFFICE

NAME	YEARS' EXPERIENCE	PREVIOUS EXPERIENCE AND EDUCATION
Jim Awad <i>Senior Managing Director</i>	46	Awad Asset Management MBA – Harvard Business School BS – Washington and Lee University
Joe Boushelle, CFA, CAIA* <i>Senior Managing Director</i>	19	Ohio Public Employees Retirement System, JPMorgan, U.S. Marine Corps MBA – Cornell University BA – University of Chicago
Aneet Deshpande, CFA* <i>Executive Managing Director</i>	24	PNC Capital Advisors, LLC., Chicago Equity Partners, LLC. BSBA – University of Louisville
Mike Kuebler <i>Investment Analyst</i>	6	KPMG, ISI Professional Services, Booz Allen Hamilton, U.S. Marine Corps MBA – Georgetown University BS – Georgetown University
Svetlana Loshakov, CFA* <i>Senior Managing Director</i>	21	Agate Fund Management, Ohio Savings Bank, Servier Pharmaceuticals MBA – Southern Methodist University BS – The Academy of Oil and Gas, Moscow
Mike McLelland, CFA, CAIA <i>Research Analyst, Alternatives</i>	6	PNC Financial Services BS – Ohio State University
Dan Meges* <i>Senior Managing Director</i>	16	MarketResearch.com, Freedonia Custom Research, US State Department MS – University of Chicago MBA – Loyola University BA – Cornell University
Tom Seay* <i>Senior Managing Director</i>	39	Victory Capital Management, Gradison – McDonald Asset Management, Lexington Management Corporation, Travelers Asset Management International Corporation, Arabian American Oil Company MBA – The University of Virginia BS – University of Denver
Carl Tippit, CFA* <i>Co -Chairman</i>	32	Sterling, Peppertree Partners BA – Williams College, MBA – University of Chicago
Kimberly Trnavsky <i>Alternative Investment Administrator</i>	26	Independent advisors BS – Kent State University

*Clearstead shareholders



CLEARSTEAD DUE DILIGENCE PROCESS



Long-term investment results are driven by asset allocation, controlling costs, and patience with top managers.

To identify top managers, Clearstead uses quantitative tools to narrow the vast universe of investment managers and then spends extensive time evaluating qualitative factors. These qualitative factors include ownership structure, culture, incentives, clarity and constancy of process, and risk controls.

CLEARSTEAD'S 6 "P" PROCESS



Parent

The beliefs, values, and behaviors that differentiate one organization from another that will produce the results that are best for our clients.



People

Successful firms create an environment where talented professionals can achieve results that are good for the client, the firm and themselves.



Process

A disciplined, enduring investment process that can be repeated by successive generations and raises confidence in the expected returns.



Portfolio

Strong portfolios are constructed, managed, and reviewed in a manner that is consistent with the highest fiduciary standards.



Principles

Incorporating the principles of responsible investing into portfolio decisions may better align the client with the broader objectives.



Performance

Investment results reflect a firm's ability to help its clients meet their long-term objectives.



PORTFOLIO RECOMMENDATIONS

SUMMARY OF RECOMMENDATIONS

1. U.S. Large Cap Consolidation & Rebalancing of Growth and Value

- Sell AQR Defensive Equity and reallocate proceeds to Vanguard 500 Index and Vanguard Social Index
 - AQR is a small position, 7.5% of US Equity, 1.3% of Total Portfolio
 - Defensive investments are better suited outside of equity portfolio (Reserve Pool and Non-Reserve Fixed Income)
- Harbor Capital Appreciation was up 54% in 2023 from exposures to large cap technology. It would be prudent to rebalance Harbor with its value counterpart, DFA Large Cap Value
- **Total effect** of changes: (See detailed exposure analysis in the appendix)
 - Fees are reduced from 0.22% to 0.19% (~33,000/yr)
 - Consumer Staples are reduced by 1%
 - Technology is increased by 1%

2. Eliminate Dedicated Emerging Markets Position

- Sell Allspring Emerging Markets and reallocate to developed international positions
 - Smallest position in the portfolio
 - Clearstead has concerns with Emerging Markets
 - Changes to the investable universe
 - Concerns with China: Slowing growth, demographic challenges, real estate market, deflation
- **Total effect** of changes (See detailed exposure analysis in the appendix)
 - Fees are reduced from 0.81% to 0.77% (~\$8,000/yr)
 - Total emerging markets exposure is reduced from 10% to 2% of the international equity portfolio

PORTFOLIO SNAPSHOT & RECOMMENDATIONS: 2/9/2024

	Market Value as of 2/9/2024			New Allocation		Combined System Policy Range	Non-Reserve	
	\$	%	Change	\$	%		Current	Range
Non-Reserve	\$242,091	39.6%	\$0	\$242,091	39.6%		100.0%	
Domestic Equity	\$119,019	19.5%	\$0	\$119,019	19.5%	0%-30%	49.2%	0%-100%
Large Cap	\$90,137	14.7%	\$0	\$90,137	14.7%			
Vanguard Inst 500 Index	\$54,766	9.0%	\$4,063	\$58,829	9.6%			
Vanguard FTSE Social Index	\$10,111	1.7%	\$4,063	\$14,174	2.3%			
AQR Defensive Large Cap	\$8,125	1.3%	-\$8,125	\$0	0.0%			
Harbor Capital Appreciation	\$9,397	1.5%	-\$750	\$8,647	1.4%			
DFA US Large Cap Value	\$7,738	1.3%	\$750	\$8,488	1.4%			
Mid Cap	\$9,874	1.6%	\$0	\$9,874	1.6%			
Vanguard Mid Cap Index	\$9,874	1.6%		\$9,874	1.6%			
Small Cap	\$9,756	1.6%	\$0	\$9,756	1.6%			
Harbor Small Growth	\$5,041	0.8%		\$5,041	0.8%			
Boston Partners Small Value	\$4,715	0.8%		\$4,715	0.8%			
Other Investments	\$9,252	1.5%	\$0	\$9,252	1.5%			
Premier, Recovery Res, MHS Purch, MHS Innov	\$9,252	1.5%		\$9,252	1.5%			
International Equity	\$19,535	3.2%	\$0	\$19,535	3.2%	0%-10%	8.1%	0%-20%
Oppenheimer Int'l Gth	\$8,728	1.4%	\$1,050	\$9,778	1.6%			
Transamerica (TS&W) International	\$8,210	1.3%	\$1,547	\$9,757	1.6%			
Allspring Advtg Emerging Markets	\$2,597	0.4%	-\$2,597	\$0	0.0%			
Fixed Income & Cash (Non-Res ST Pool)	\$103,537	16.9%	\$0	\$103,537	16.9%		42.8%	0%-100%
Lord Abbett Short Duration	\$50,707	8.3%		\$50,707	8.3%			
Vanguard Ultra Short-Term Bond	\$52,809	8.6%		\$52,809	8.6%			
First American Government Fund	\$21	0.0%		\$21	0.0%			
Reserve Pool *	\$369,019	60.4%		\$369,019	60.4%			
Total System Fixed income & Cash	\$472,556	77.3%	\$0	\$472,556	77.3%	60%-100%		
Combined System	\$611,110	100.0%		\$611,110	100.0%			

*Reserve Pool as of 12/31/23

Portfolio Summary

- Overall portfolio is within asset allocation ranges and compliant with the investment policy
- Recommendations:
 - Sell AQR Defensive Large Cap and reallocate to Vanguard Inst 500 Index and Vanguard FTSE Social Index
 - Balance Growth and Value exposure within US. Large Cap
 - Sell Allspring Emerging Markets and reallocate to Developed International



APPENDIX

METROHEALTH: EXECUTIVE SUMMARY

	Market Value 10/01/2023	Market Value 12/31/2023	% of Portfolio	4th Quarter 2023 (%)	YTD (%)
Total Plan	\$485,266,395	\$493,577,599	100.0	4.6	8.7
Non-Reserve Long-Term Pool	\$111,260,975	\$124,405,460	25.2	11.8	23.1
<i>Non-Reserve LT Pool Benchmark¹</i>				11.6	23.9
Total Equity	\$111,240,519	\$124,384,747	25.2	11.8	23.2
Total Domestic Equity	\$93,759,347	\$104,808,721	21.2	11.8	24.4
<i>Russell 3000 Index</i>				12.1	26.0
Total International Equity	\$17,481,172	\$19,576,026	4.0	12.0	16.9
<i>MSCI AC World ex USA (Net)</i>				9.8	15.6
Total Fixed Income & Cash	\$20,456	\$20,713	0.0	1.3	4.7
Non-Reserve Short-Term Pool	\$100,654,836	\$103,163,343	20.9	2.5	5.5
<i>Blmbg. U.S. Treasury: 1-3 Year</i>				2.6	4.3
Reserve Pool	\$273,350,584	\$266,008,796	53.9	2.3	4.6
<i>Blmbg. U.S. Treasury: 1-3 Year</i>				2.6	4.3

¹Russell 3000 Index: 80.00%, MSCI AC World ex USA (Net): 20.00%

METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: NON-RESERVE LONG-TERM POOL

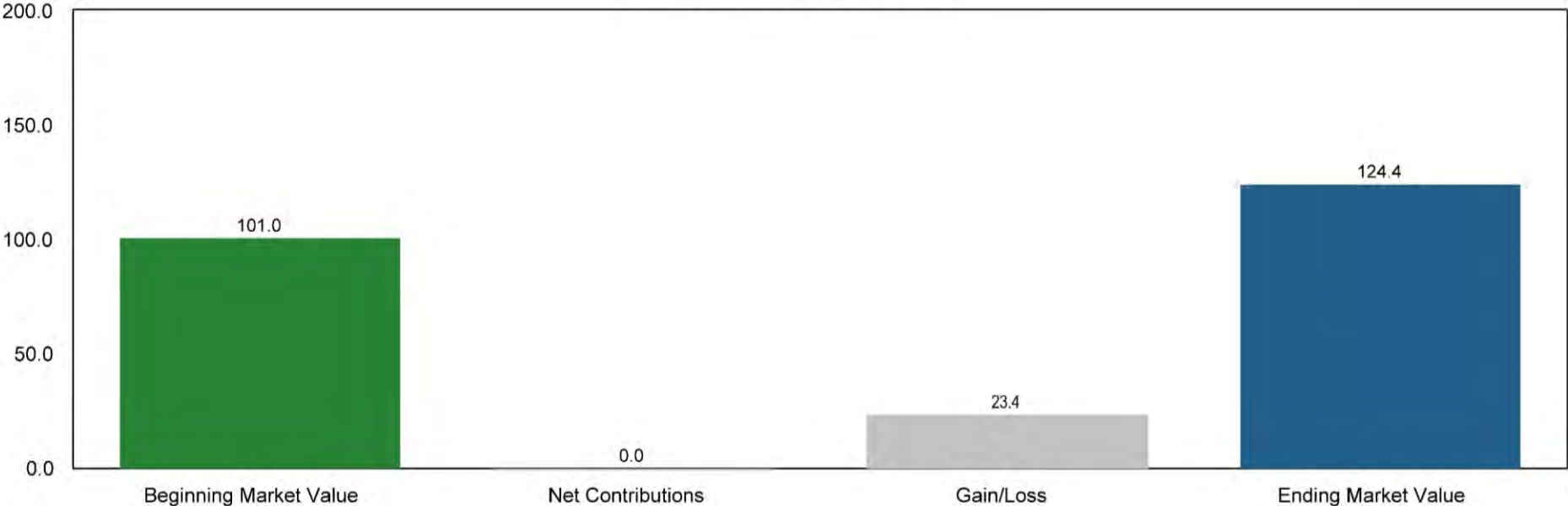
MetroHealth System

Ending December 31, 2023

Attribution of Market Value Change

	Q1-2023	Q2-2023	Q3-2023	Q4-2023	One Year
Non-Reserve Long-Term Pool					
Beginning Market Value	\$101,034,784	\$108,152,513	\$115,653,282	\$111,260,975	\$101,034,784
Contributions	-	-	-	-	-
Distributions	-	-	-	-	-
Net Cash Flows	-	-	-	-	-
Net Investment Change	\$7,117,728	\$7,500,769	-\$4,392,307	\$13,144,485	\$23,370,676
Ending Market Value	\$108,152,513	\$115,653,282	\$111,260,975	\$124,405,460	\$124,405,460
Change \$	\$7,117,728	\$7,500,769	-\$4,392,307	\$13,144,485	\$23,370,676

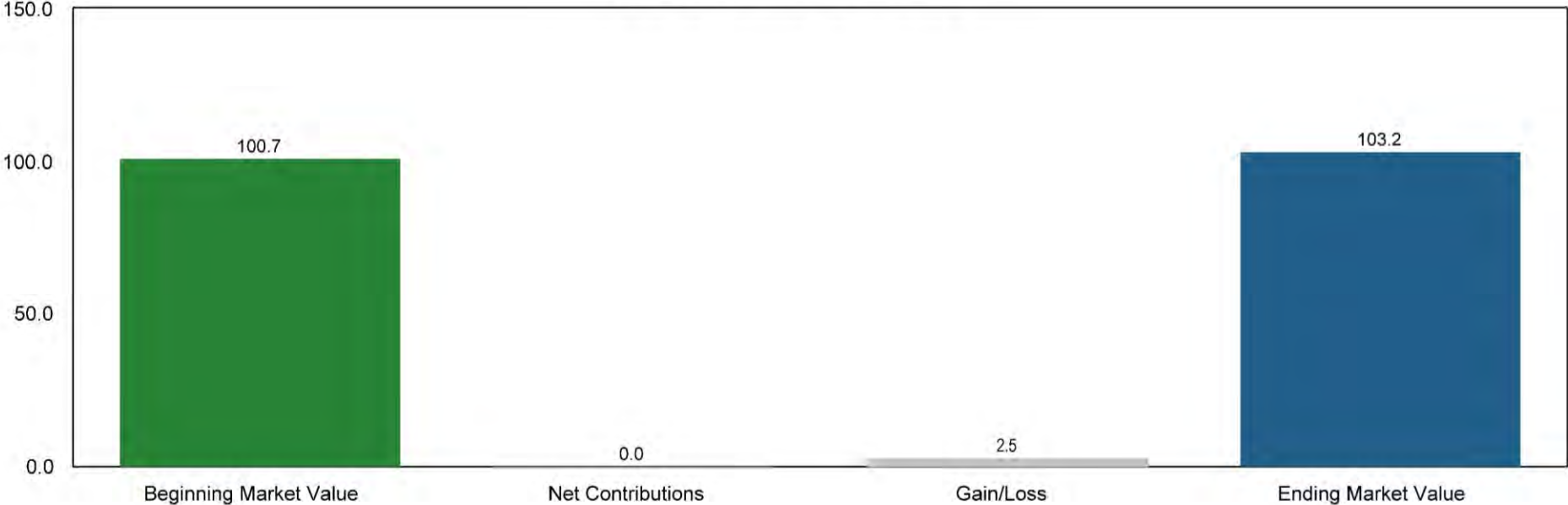
Change in Market Value - 1 Year



METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: NON-RESERVE POOL SHORT-TERM POOL

	Q1-2023	Q2-2023	Q3-2023	Q4-2023	One Year
Non-Reserve Short-Term Pool					
Beginning Market Value	\$97,797,931	\$99,212,309	\$99,554,106	\$100,654,836	\$97,797,931
Contributions	-	-	-	-	-
Distributions	-	-	-	-	-
Net Cash Flows	-	-	-	-	-
Net Investment Change	\$1,414,378	\$341,796	\$1,100,730	\$2,508,508	\$5,365,412
Ending Market Value	\$99,212,309	\$99,554,106	\$100,654,836	\$103,163,343	\$103,163,343
Change \$	\$1,414,378	\$341,796	\$1,100,730	\$2,508,508	\$5,365,412

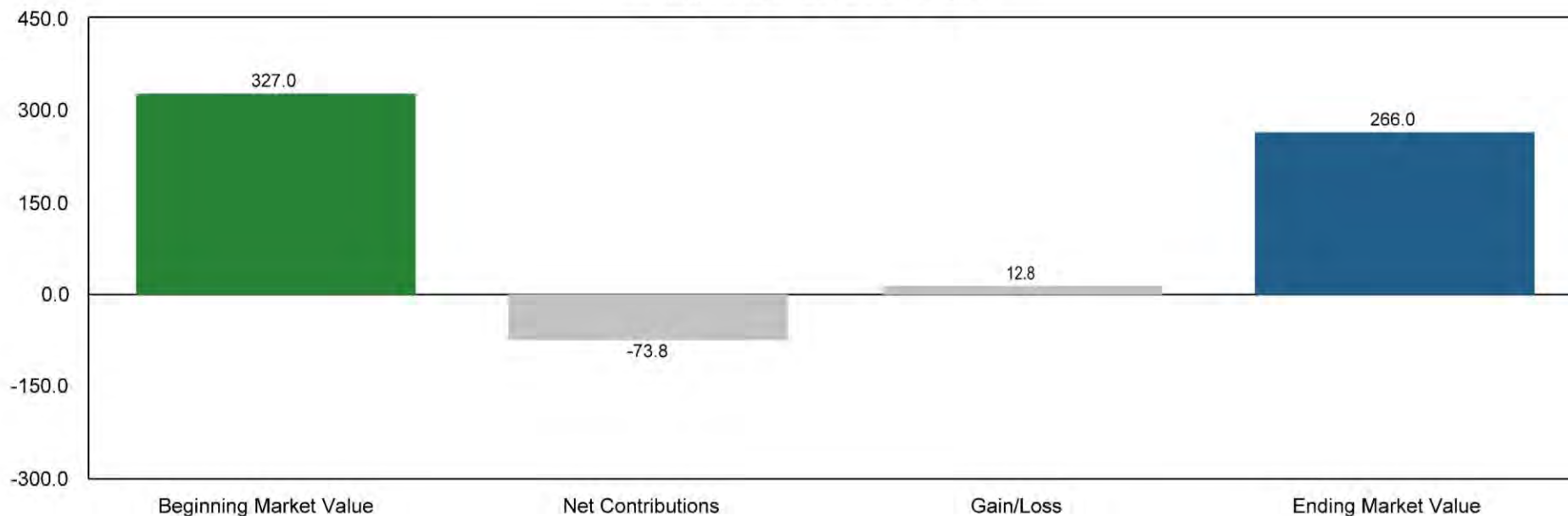
Change in Market Value - 1 Quarter



METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: RESERVE POOL

	Q1-2023	Q2-2023	Q3-2023	Q4-2023	One Year
Reserve Pool					
Beginning Market Value	\$327,003,239	\$311,641,661	\$230,692,448	\$273,350,584	\$327,003,239
Contributions	\$5,504	\$25,064,708	\$50,864,015	\$1,846,438	\$77,780,666
Distributions	-\$20,153,532	-\$106,150,107	-\$10,152,685	-\$15,153,635	-\$151,609,959
Net Cash Flows	-\$20,148,028	-\$81,085,399	\$40,711,330	-\$13,307,196	-\$73,829,293
Net Investment Change	\$4,786,450	\$136,186	\$1,946,806	\$5,965,408	\$12,834,850
Ending Market Value	\$311,641,661	\$230,692,448	\$273,350,584	\$266,008,796	\$266,008,796
Change \$	-\$15,361,578	-\$80,949,213	\$42,658,136	-\$7,341,788	-\$60,994,443

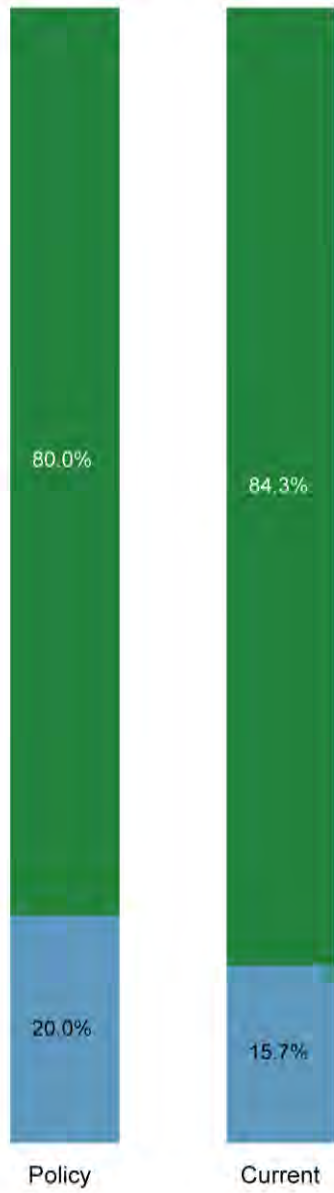
Change in Market Value - 1 Year



METROHEALTH: SCHEDULE OF ASSETS

	Ticker	Account Type	Market Value 12/31/2023	% of Portfolio
Total Plan			\$493,577,599	100.0
Non-Reserve Long-Term Pool			\$124,405,460	25.2
Total Equity			\$124,384,747	25.2
Total Domestic Equity			\$104,808,721	21.2
Vanguard Institutional Index	VINIX	US Stock Large Cap Core	\$51,904,383	10.5
Vanguard FTSE Social Index I	VFTNX	US Stock Large Cap Growth	\$9,506,830	1.9
AQR Large Cap Defensive Style Instl	AUEIX	US Stock Large Cap Core	\$7,788,353	1.6
Harbor Capital Apprec. Instl	HACAX	US Stock Large Cap Growth	\$8,417,434	1.7
DFA U.S. Lg Cap Value Instl	DFLVX	US Stock Large Cap Value	\$7,630,065	1.5
Vanguard Mid Cap Index Adm	VIMAX	US Stock Mid Cap Core	\$9,847,069	2.0
Harbor Small Cap Growth Instl	HASGX	US Stock Small Cap Growth	\$4,907,458	1.0
Boston Partners Sm Cap Value II I	BPSIX	US Stock Small Cap Value	\$4,807,129	1.0
Total International Equity			\$19,576,026	4.0
Invesco Oppenheimer Int'l Growth R6	OIGIX	Non-US Stock Developed	\$8,650,057	1.8
Transamerica International Equity I	TSWIX	Non-US Stock Developed	\$8,259,171	1.7
Allspring Emerging Mkts Equity Instl	EMGNX	Non-US Stock Emerging	\$2,666,798	0.5
Total Fixed Income & Cash			\$20,713	0.0
First American Govt Obligations Y	FGVXX	Cash	\$20,713	0.0
Non-Reserve Short-Term Pool			\$103,163,343	20.9
Vanguard Ultra-Short-Term Bond Adm	VUSFX	US Fixed Income Short Term	\$52,545,468	10.6
Lord Abbett Short Duration Income F3	LOLDX	US Fixed Income Short Term	\$50,617,876	10.3
Reserve Pool			\$266,008,796	53.9
Total Fixed Income			\$266,008,796	53.9
US Bank Investment Account		US Fixed Income	\$161,539,795	32.7
Fifth-Third Managed		US Fixed Income	\$41,312,984	8.4
Key Bank Money Market		Cash	\$36,944,933	7.5
PNC Money Market		US Fixed Income	\$26,211,083	5.3

METROHEALTH: ASSET ALLOCATION COMPLIANCE: NON-RESERVE POOL



	Current	Policy	Difference	Policy Range	Within Range
Total Domestic Equity	84.3	80.0	4.3	0.0 - 100.0	Yes
Total International Equity	15.7	20.0	-4.3	0.0 - 20.0	Yes
Total Equity	100.0	100.0	0.0		

METROHEALTH: PERFORMANCE REPORT CARD

	% of Portfolio	QTD (%)	1 Yr (%)	2 Yr (%)	3 Yr (%)	5 Yr (%)	7 Yr (%)	10 Yr (%)	2022 (%)	2021 (%)	2020 (%)	Inception (%)	Inception Date
Total Plan	100.0	4.6	8.7	1.6	2.1	3.4	-	-	-5.0	3.2	3.9	3.2	Aug-18
Non-Reserve Long-Term Pool	25.2	11.8	23.1	-0.3	6.6	13.1	-	-	-19.2	21.9	18.0	9.3	Aug-18
<i>Non-Reserve LT Pool Benchmark</i>		11.6	23.9	0.5	7.2	13.6	-	-	-18.5	21.9	18.8	10.0	
Total Equity	25.2	11.8	23.2	-0.3	6.6	13.1	-	-	-19.2	21.9	18.0	9.3	Aug-18
Total Domestic Equity	21.2	11.8	24.4	0.4	8.2	14.5	-	-	-19.0	25.7	18.8	10.8	Aug-18
<i>Russell 3000 Index</i>		12.1	26.0	0.9	8.5	15.2	12.8	11.5	-19.2	25.7	20.9	11.5	
Vanguard Institutional Index	10.5	11.7	26.2	1.7	10.0	15.7	13.4	12.0	-18.1	28.7	18.4	12.1	Aug-18
<i>S&P 500 Index</i>		11.7	26.3	1.7	10.0	15.7	13.4	12.0	-18.1	28.7	18.4	12.1	
Vanguard FTSE Social Index I	1.9	13.2	31.8	-0.1	8.5	16.0	14.1	12.5	-24.2	27.8	22.7	3.6	Aug-21
<i>S&P 500 Index</i>		11.7	26.3	1.7	10.0	15.7	13.4	12.0	-18.1	28.7	18.4	3.9	
AQR Large Cap Defensive Style Instl	1.6	7.6	9.4	-2.9	5.2	11.1	10.9	11.1	-13.8	23.5	13.1	8.9	Aug-18
<i>MSCI USA Minimum Volatility Index</i>		7.8	9.8	-0.1	6.5	10.3	10.2	10.4	-9.2	21.0	5.8	8.8	
Harbor Capital Apprec. Instl	1.7	16.3	53.7	-2.1	3.5	17.9	17.4	14.0	-37.7	15.6	54.4	13.8	Aug-18
<i>Russell 1000 Growth Index</i>		14.2	42.7	0.6	8.9	19.5	17.7	14.9	-29.1	27.6	38.5	15.4	
DFA U.S. Lg Cap Value Instl	1.5	9.1	11.5	2.5	10.4	10.9	8.4	8.3	-5.8	28.1	-0.6	7.1	Aug-18
<i>Russell 1000 Value Index</i>		9.5	11.5	1.5	8.9	10.9	8.3	8.4	-7.5	25.2	2.8	7.9	
Vanguard Mid Cap Index Adm	2.0	12.3	16.0	-2.9	5.5	12.7	10.2	9.4	-18.7	24.5	18.2	8.7	Aug-18
<i>Vanguard Mid Cap Index Benchmark</i>		12.3	16.0	-2.9	5.5	12.7	10.2	9.4	-18.7	24.5	18.2	8.7	
Harbor Small Cap Growth Instl	1.0	12.8	22.2	-4.6	0.0	14.5	11.8	9.5	-25.5	9.8	38.4	8.9	Aug-18
<i>Russell 2000 Growth Index</i>		12.7	18.7	-6.5	-3.5	9.2	8.1	7.2	-26.4	2.8	34.6	4.4	
Boston Partners Sm Cap Value II I	1.0	11.1	16.7	1.6	9.1	11.1	6.5	6.9	-11.5	25.8	1.6	3.8	Dec-21
<i>Russell 2000 Value Index</i>		15.3	14.6	-1.0	7.9	10.0	6.1	6.8	-14.5	28.3	4.6	1.0	
Total International Equity	4.0	12.0	16.9	-3.6	-0.5	6.7	-	-	-20.5	6.1	14.4	3.0	Aug-18
<i>MSCI AC World ex USA (Net)</i>		9.8	15.6	-1.5	1.5	7.1	6.3	3.8	-16.0	7.8	10.7	3.8	
Invesco Oppenheimer Int'l Growth R6	1.8	14.6	21.2	-5.9	-0.6	9.2	6.9	4.2	-27.0	11.0	22.4	4.5	Aug-18
<i>MSCI AC World ex USA (Net)</i>		9.8	15.6	-1.5	1.5	7.1	6.3	3.8	-16.0	7.8	10.7	3.8	
Transamerica International Equity I	1.7	10.1	16.0	-0.1	4.1	7.9	6.0	3.9	-14.1	13.2	6.8	3.9	Aug-18
<i>MSCI EAFE (Net)</i>		10.4	18.2	0.6	4.0	8.2	6.9	4.3	-14.5	11.3	7.8	4.7	
Allspring Emerging Mkts Equity Instl	0.5	8.6	8.7	-6.4	-8.3	3.7	4.5	2.4	-19.5	-11.9	21.3	-2.7	Nov-20
<i>MSCI Emerging Markets (Net)</i>		7.9	9.8	-6.3	-5.1	3.7	5.0	2.7	-20.1	-2.5	18.3	0.1	
Total Fixed Income & Cash	0.0	1.3	4.7	2.9	1.9	1.6	-	-	1.1	0.0	0.3	1.6	Aug-18
First American Govt Obligations Y	0.0	1.3	4.7	3.0	2.0	1.6	1.4	1.0	1.3	0.0	0.3	1.6	Aug-18
<i>90 Day U.S. Treasury Bill</i>		1.4	5.0	3.2	2.2	1.9	1.7	1.2	1.5	0.0	0.7	1.9	

METROHEALTH: PERFORMANCE REPORT CARD

	% of Portfolio	QTD (%)	1 Yr (%)	2 Yr (%)	3 Yr (%)	5 Yr (%)	7 Yr (%)	10 Yr (%)	2022 (%)	2021 (%)	2020 (%)	Inception (%)	Inception Date
Non-Reserve Short-Term Pool	20.9	2.5	5.5	1.4	-	-	-	-	-2.6	-	-	1.1	May-21
<i>Blmbg. U.S. Treasury: 1-3 Year</i>		2.6	4.3	0.2	-0.1	1.3	1.2	1.0	-3.8	-0.6	3.2	-0.1	
Vanguard Ultra-Short-Term Bond Adm	10.6	2.1	5.5	2.5	1.7	2.1	2.0	-	-0.4	0.2	2.1	1.9	May-21
<i>Blmbg. U.S. Treasury: 1-3 Year</i>		2.6	4.3	0.2	-0.1	1.3	1.2	1.0	-3.8	-0.6	3.2	-0.1	
Lord Abbett Short Duration Income F3	10.3	2.9	5.5	0.4	0.6	2.1	2.1	2.1	-4.5	1.2	3.2	0.5	May-21
<i>Blmbg. U.S. Treasury: 1-3 Year</i>		2.6	4.3	0.2	-0.1	1.3	1.2	1.0	-3.8	-0.6	3.2	-0.1	
Reserve Pool	53.9	2.3	4.6	1.4	0.9	1.7	-	-	-1.6	-0.3	2.5	1.8	Aug-18
<i>Blmbg. U.S. Treasury: 1-3 Year</i>		2.6	4.3	0.2	-0.1	1.3	1.2	1.0	-3.8	-0.6	3.2	1.5	
Total Fixed Income	53.9	2.3	4.6	1.4	0.9	1.7	-	-	-1.6	-0.3	2.5	1.8	Aug-18
US Bank Investment Account	32.7	2.5	4.8	0.5	0.2	1.4	-	-	-3.5	-0.4	2.9	1.6	Aug-18
<i>Blmbg. U.S. Treasury: 1-3 Year</i>		2.6	4.3	0.2	-0.1	1.3	1.2	1.0	-3.8	-0.6	3.2	1.5	
Fifth-Third Managed	8.4	3.1	4.5	-0.3	-0.6	1.3	-	-	-4.8	-1.1	4.3	1.5	Aug-18
<i>Blmbg. U.S. Treasury: 1-3 Year</i>		2.6	4.3	0.2	-0.1	1.3	1.2	1.0	-3.8	-0.6	3.2	1.5	
Key Bank Money Market	7.5	1.0	3.4	1.8	1.2	-	-	-	0.1	0.0	-	1.1	Oct-20
<i>90 Day U.S. Treasury Bill</i>		1.4	5.0	3.2	2.2	1.9	1.7	1.2	1.5	0.0	0.7	2.0	
PNC Money Market	5.3	1.3	4.9	3.2	2.1	1.7	-	-	1.5	0.0	0.4	1.7	Aug-18

METROHEALTH: TIME-WEIGHTED AND MONEY-WEIGHTED RETURNS

	Q4-2023 (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)	Since Inception (%)
Time Weighted	4.59	8.68	2.14	3.44	-	3.20
Money Weighted	4.57	8.55	1.59	3.00	-	2.82

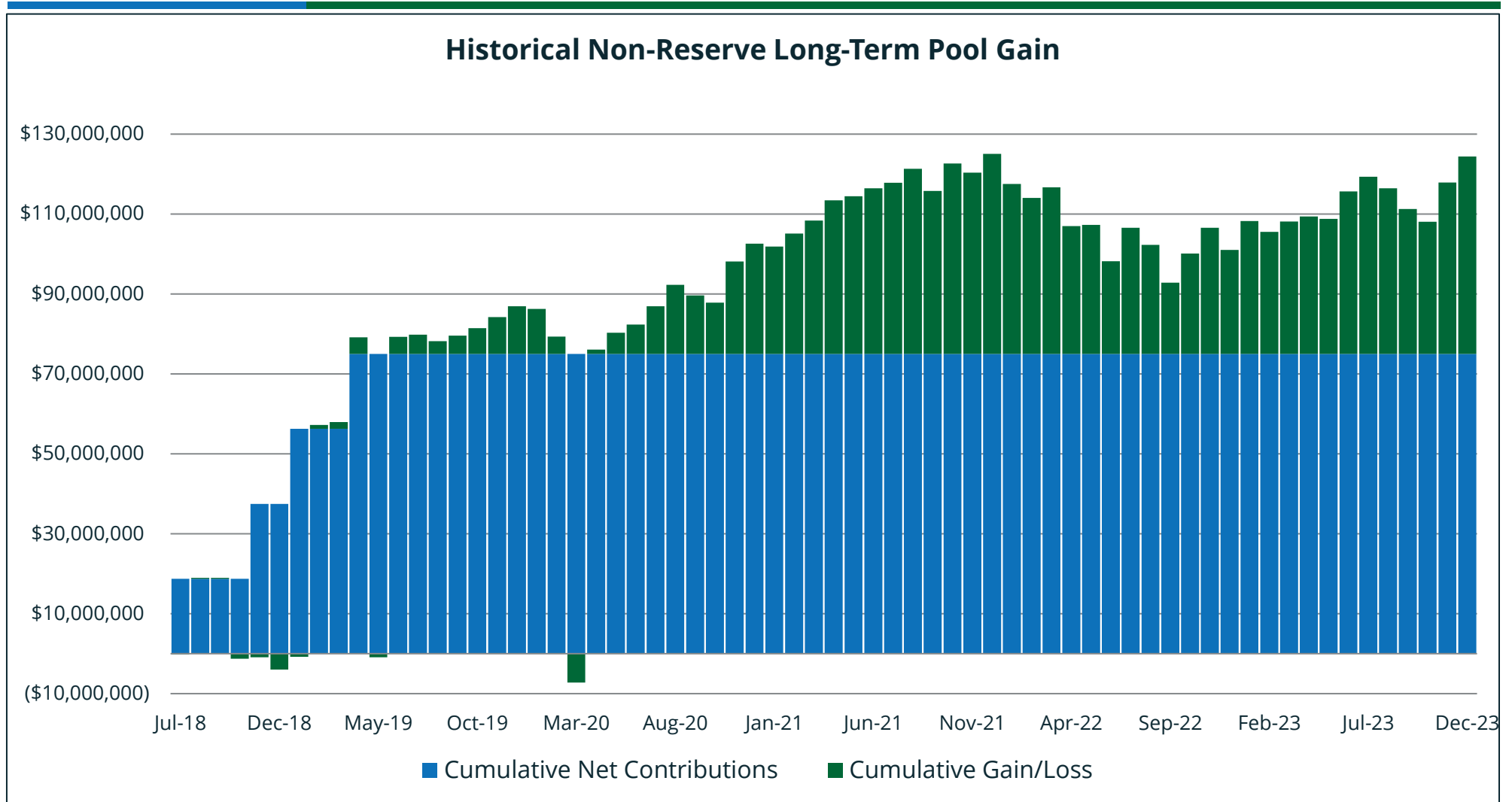
METROHEALTH: ATTRIBUTION OF MARKET VALUE CHANGE: 12/31/2023

		Starting Balance	Net Cash Flow	Net Investment Change	Ending Balance
2019	Reserve	\$346,390,927	(\$40,684,362)	\$10,486,231	\$316,192,796
	Non-Reserve	\$33,511,686	\$37,500,000	\$15,894,971	\$86,906,657
	Total	\$379,902,613	(\$3,184,362)	\$26,381,202	\$403,099,453
2020	Reserve	\$316,192,797	\$224,762,533	\$8,090,467	\$549,045,797
	Non-Reserve	\$86,906,657	\$0	\$15,698,611	\$102,605,268
	Total	\$403,099,454	\$224,762,533	\$23,789,078	\$651,651,065
2021	Reserve	\$549,045,797	(\$90,653,379)	(\$1,307,079)	\$457,085,339
	Non-Reserve	\$102,605,268	\$100,000,000	\$22,686,324	\$225,291,592
	Total	\$651,651,065	\$9,346,621	\$21,379,245	\$682,376,931
2022	Reserve	\$457,085,339	(\$122,436,356)	(\$7,645,744)	\$327,003,239
	Non-Reserve	\$225,291,592	\$0	(\$26,458,875)	\$198,832,717
	Total	\$682,376,931	(\$122,436,356)	(\$34,104,619)	\$525,835,956
1Q 2023	Reserve	\$327,003,239	(\$20,148,028)	\$4,786,450	\$311,641,661
	Non-Reserve	\$198,832,717	\$0	\$8,532,106	\$207,364,823
	Total	\$525,835,956	(\$20,148,028)	\$13,318,556	\$519,006,484
2Q 2023	Reserve	\$311,641,661	(\$81,085,399)	\$136,186	\$230,692,448
	Non-Reserve	\$207,364,822	\$0	\$7,842,565	\$215,207,387
	Total	\$519,006,483	(\$81,085,399)	\$7,978,751	\$445,899,835
3Q 2023	Reserve	\$230,692,448	\$40,711,330	\$1,946,806	\$273,350,584
	Non-Reserve	\$215,207,387	\$0	(\$3,291,577)	\$211,915,810
	Total	\$445,899,835	\$40,711,330	(\$1,344,771)	\$485,266,394
4Q 2023	Reserve	\$273,350,584	(\$13,307,196)	\$5,965,408	\$266,008,796 *
	Non-Reserve	\$211,915,810	\$0	\$15,652,993	\$227,568,803 **
	Total	\$485,266,394	(\$13,307,196)	\$21,618,401	\$493,577,599

*The Reserve Pool balance excludes approximately \$69.3 million in System operating cash.

** The overall balance does not include \$98.1 million of Captive investments and \$15.2 million of Captive operating cash.

HISTORICAL NON-RESERVE LONG-TERM POOL GAIN



- \$75 million in contributions
- \$49.5 million in cumulative gains

DOMESTIC EQUITY LOOK THROUGH ANALYSIS

Current Portfolio	50.0%	9.0%	7.5%	8.5%	7.0%	9.0%	4.5%	4.5%	100.0%		
Proposed Portfolio	53.8%	12.7%	0.0%	7.8%	7.8%	9.0%	4.5%	4.5%	100.0%		
Managers											
	Vanguard Institutional Index I	Vanguard FTSE Social Index I	AQR Large Cap Defensive Style I	Harbor Capital Appreciation Instl	DFA US Large Cap Value I	Vanguard Mid Cap Index Admiral	Harbor Small Cap Growth Instl	Boston Partners Small Cap Value II I	Current Portfolio	Proposed Portfolio	Russell 3000 TR USD
Expense Ratio (%)	0.04	0.12	0.38	0.67	0.21	0.05	0.88	0.99	0.22	0.19	
Manager Tenure (Long # Yrs)	6	8	12	11	12	3	23	18			
# of Stock Holdings	506	470	210	53	347	336	68	181			2,976
Top 10 Holdings (%)	30.8	35.0	0.0	47.7	23.8	7.5	24.4	13.6	26.7		26.6
Cash (%)	0.1	0.6	-0.2	-0.1	0.8	0.7	3.0	2.8	0.5	0.5	0.0
Turnover Ratio (%)	3	5	31	27	10	12	83	65			
Market Cap											
Average Mkt Cap (\$ millions)	241,721	261,206	84,659	440,947	69,466	27,667	5,762	1,728	195,888	205,707	146,923
Market Cap Giant (%)	47.1	49.2	24.2	74.1	17.8	0.2	0.0	0.0	37.4	38.8	40.7
Market Cap Large (%)	35.2	33.5	44.7	22.9	39.7	12.0	4.1	0.0	29.9	29.3	31.2
Market Cap Mid (%)	17.5	16.9	26.0	3.0	41.3	87.6	24.6	3.5	24.5	24.1	19.7
Market Cap Small (%)	0.2	0.3	5.0	0.0	1.2	0.1	67.7	50.2	5.9	5.6	6.4
Market Cap Micro (%)	0.0	0.0	0.2	0.0	0.0	0.0	3.7	46.3	2.3	2.3	2.1
Sector											
Communication Services (%)	8.6	10.4	5.0	11.4	7.9	3.8	0.0	3.0	7.6	7.9	8.0
Consumer Discretionary (%)	10.9	12.4	6.5	23.2	5.6	8.2	11.0	12.8	11.2	11.5	10.9
Consumer Staples (%)	6.1	5.6	19.3	3.3	3.9	4.3	0.0	2.6	6.1	5.1	5.7
Energy (%)	3.9	0.0	3.4	0.0	13.8	4.4	4.3	10.1	4.2	4.2	4.0
Financials (%)	13.0	13.2	13.0	6.9	22.6	13.5	11.0	26.7	13.7	13.9	13.7
Healthcare (%)	12.6	14.0	19.0	10.9	15.0	10.7	24.4	5.3	13.3	12.9	12.6
Industrials (%)	8.8	5.7	16.2	2.8	12.9	17.4	21.2	25.0	10.9	10.3	10.0
Information Technology (%)	28.9	33.6	13.1	40.2	8.9	16.6	22.0	9.5	25.4	26.5	27.1
Materials (%)	2.4	2.1	0.9	0.0	8.5	5.8	3.7	3.2	2.9	3.1	2.7
Real Estate (%)	2.5	2.9	0.0	1.2	0.4	8.3	2.4	1.4	2.6	2.8	3.0
Utilities (%)	2.3	0.1	3.7	0.0	0.3	6.9	0.0	0.5	2.1	1.9	2.3

FACTORS SUGGESTING EMERGING MARKETS MAY REMAIN CHALLENGED

Factor	Implications	Clearstead View
US-China Relationship	Prolonged confrontational-competitive phase	A series zeros-sum contests—semi-conductors, 5G/6G, weaponizing space, Taiwan, etc—are taking center-stage
Near-Shoring/Friend-Shoring	Supplies chains are increasing moving out of East Asia	EM equities dependent/oriented to global supply-chains based in/around China and East Asia languish
Other Geo-Political Risks	Arrival of multi-polar world; less post-WWII institutional influence	More opportunities for negative geo-political surprises; active wars in Europe (Ukraine), Middle East (Gaza); tensions in Asia set to gradually increase
Chinese Economic De-Leveraging	Slower Chinese growth; reduced investment; higher savings rate	EM equities dependent/oriented to a robust Chinese economy languish; idiosyncratic holdings—with secular growth drivers—beat beta-oriented holdings
Adverse FX Dynamic	Structural tailwinds support a stronger dollar	Increases in global wealth increase the need for US\$; higher-for-longer favors non-EM economies

A myriad of factors are causing the risks of EM investing to rise while simultaneously diminishing the return expectations from EM equities.

Recommendation: Sell Allspring Emerging Markets and reallocate to Invesco Oppenheimer International Growth and TransAmerica International Equity.

- Given the backdrop, there seems to be little catalyst to suggest that large-cap EM equities (at the index level) will outperform US equities in near-to-medium term, and we have concerns about the investment opportunity in Emerging Markets.
- Allspring Emerging Markets is currently on watch by Clearstead’s Investment Office because of poor stock selection within China. (previously a strength).

INTERNATIONAL EQUITY LOOK THROUGH ANALYSIS

Current Portfolio	45%	43%	13%	100%		
Proposed Portfolio	50%	50%	0%	100%		
Managers						
	Invesco Oppenheimer International Gr R6	Transamerica International Equity I	Allspring Emerging Markets Equity Inst	Current Portfolio	Proposed Portfolio	MSCI ACWI Ex USA NR USD
Expense Ratio (%)	0.69	0.84	1.11	0.81	0.77	
Manager Tenure (Longest # Yrs)	28	18	17			
# of Stock Holdings	83	114	126			2,312
Top 10 Holdings (%)	30.6	17.8	34.3	25.6		11.2
Cash (%)	0.8	0.2	4.2	0.9	0.5	0.0
Turnover Ratio (%)	13	16	4			
Market Cap						
Average Market Cap (\$ millions)	43,054	38,913	41,398	41,087	40,983	45,038
Market Cap Giant (%)	41.3	41.3	58.4	43.4	41.3	52.0
Market Cap Large (%)	29.2	39.5	33.1	34.1	34.4	37.4
Market Cap Mid (%)	29.4	19.1	7.2	22.3	24.2	10.5
Market Cap Small (%)	0.0	0.1	0.9	0.2	0.1	0.1
Market Cap Micro (%)	0.0	0.0	0.4	0.0	0.0	0.0
Sector						
Communication Services (%)	4.4	2.9	16.4	5.3	3.7	5.2
Consumer Discretionary (%)	18.9	9.6	11.1	14.0	14.3	11.5
Consumer Staples (%)	9.5	11.9	18.5	11.7	10.7	8.0
Energy (%)	3.4	6.4	5.5	4.9	4.9	5.6
Financials (%)	10.8	19.2	15.3	14.9	15.0	21.1
Healthcare (%)	15.2	10.1	2.9	11.5	12.7	9.3
Industrials (%)	20.1	17.7	3.1	17.0	18.9	13.5
Information Technology (%)	14.9	12.6	20.9	14.7	13.8	12.5
Materials (%)	2.8	7.0	3.9	4.7	4.9	8.0
Real Estate (%)	0.0	0.5	2.4	0.5	0.3	2.1
Utilities (%)	0.0	1.9	0.0	0.8	1.0	3.2
Geography						
North America (%)	12.9	3.6	0.5	7.4	8.3	8.3
Latin America (%)	0.0	0.0	20.3	2.5	0.0	2.6
United Kingdom (%)	25.1	20.9	0.0	20.2	23.0	9.1
Developed Europe (%)	46.6	46.4	0.0	40.7	46.5	32.5
Emerging Europe (%)	0.0	0.0	0.8	0.1	0.0	0.6
Africa/Middle East (%)	0.0	1.0	3.3	0.9	0.5	3.3
Japan (%)	7.6	19.0	0.0	11.5	13.3	14.4
Australasia (%)	2.1	4.2	0.0	2.7	3.1	5.0
Developed Asia (%)	1.1	4.8	33.3	6.7	3.0	10.5
Emerging Asia (%)	4.6	0.0	41.8	7.3	2.3	13.7
Total Emerging Markets (%)	4.6	0.0	66.2	10.3	2.3	18.9

DEFINITIONS AND DISCLOSURES

Information provided is general in nature, is provided for informational purposes only, and should not be construed as investment advice. Any views expressed are based upon the data available at the time the information was produced and are subject to change at any time based on market or other conditions. Clearstead disclaims any liability for any direct or incidental loss incurred by applying any of the information in this presentation. All investment decisions must be evaluated as to whether it is consistent with their investment objectives, risk tolerance, and financial situation.

Past performance is no guarantee of future results. Investing involves risk, including risk of loss. Diversification does not ensure a profit or guarantee against loss.

All indices are unmanaged and performance of the indices includes reinvestment of dividends and interest income, unless otherwise noted. An investment cannot be made in any index.

Although bonds generally present less short-term risk and volatility than stocks, bonds do contain interest rate risk (as interest rates rise, bond prices usually fall and vice versa) and the risk of default, or the risk that an issuer will be unable to make income or principal payments. Additionally, bonds and short-term investments entail greater inflation risk, or the risk that the return of an investment will not keep up with increases in the prices of goods and services, than stocks.

Lower-quality debt securities generally offer higher yields, but also involve greater risk of default or price changes due to potential changes in the credit quality of the issuer. Any fixed income security sold or redeemed prior to maturity may be subject to loss.

The municipal market is volatile and can be significantly affected by adverse tax, legislative, or political changes and by the financial condition of the issuers of municipal securities. Interest rate increases can cause the price of a debt security to decrease. A portion of the dividends you receive may be subject to federal, state, or local income tax or may be subject to the federal alternative minimum tax. Generally, tax-exempt municipal securities are not appropriate holdings for tax advantaged accounts such as IRAs and 401(k)s.

Stock markets, especially foreign markets, are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. Foreign securities are subject to interest-rate, currency-exchange-rate, economic, and political risks, all of which are magnified in emerging markets. The securities of smaller, less well-known companies can be more volatile than those of larger companies. Growth stocks can perform differently from the market as a whole and other types of stocks and can be more volatile than other types of stocks. Value stocks can perform differently than other types of stocks and can continue to be undervalued by the market for long periods of time.

The commodities industry can be significantly affected by commodity prices, world events, import controls, worldwide competition, government regulations, and economic conditions.

Changes in real estate values or economic conditions can have a positive or negative effect on issuers in the real estate industry, which may affect your investment.

Index Definitions:

The **S&P 500 Index** is a broad-based market index, comprised of 500 large-cap companies, generally considered representative of the stock market as a whole. The **S&P 400 Index** is an unmanaged index considered representative of mid-sized U.S. companies. The **S&P 600 Index** is a market-value weighted index that consists of 600 small-cap U.S. stocks chosen for market size, liquidity and industry group representation.

The **Russell 1000 Value Index**, **Russell 1000 Index** and **Russell 1000 Growth Index** are indices that measure the performance of large-capitalization value stocks, large-capitalization stocks and large-capitalization growth stocks, respectively. The **Russell 2000 Value Index**, **Russell 2000 Index** and **Russell 2000 Growth Index** are indices that measure the performance of small-capitalization value stocks, small-capitalization stocks and small-capitalization growth stocks, respectively. The **Russell Midcap Value Index**, **Russell Midcap Index** and **Russell Midcap Growth Index** are indices that measure the performance of mid-capitalization value stocks, mid-capitalization stocks and mid-capitalization growth stocks, respectively. The **Russell 2500 Value Index**, **Russell 2500 Index** and **Russell 2500 Growth Index** measure the performance of small to mid-cap value stocks, small to mid-cap stocks and small to mid-cap growth stocks, respectively, commonly referred to as "smid" cap. The **Russell 3000 Value Index**, **Russell 3000 Index** and **Russell 3000 Growth Index** measure the performance of the 3,000 largest U.S. value stocks, 3,000 largest U.S. stocks and 3,000 largest U.S. growth stocks, respectively, based on total market capitalization.

The **Wilshire 5000 Index** represents the broadest index for the U.S. equity market, measuring the performance of all U.S. equity securities with readily available price data. The **Wilshire Micro Cap Index** is a market capitalization-weighted index comprised of all stocks in the Wilshire 5000 Index below the 2,501st rank.

The **MSCI EAFE (Europe, Australasia, Far East) Index** is designed to measure developed market equity performance, excluding the U.S. and Canada. The **MSCI Emerging Markets (EM) Index** is designed to measure global emerging market equity performance. The **MSCI World Index** is designed to measure global developed market equity performance. The **MSCI World Index Ex-U.S. Index** is designed to measure the equity market performance of developed markets and excludes the U.S. The **MSCI Europe Index** is an unmanaged index considered representative of developed European countries. The **MSCI Japan Index** is an unmanaged index considered representative of stocks of Japan. The **MSCI Pacific ex. Japan Index** is an unmanaged index considered representative of stocks of Asia Pacific countries excluding Japan.

The **U.S. 10-Year Treasury Yield** is generally considered to be a barometer for long-term interest rates.

Merrill Lynch 91-day T-bill index includes U.S. Treasury bills with a remaining maturity from 1 up to 3 months.

The **Barclays Capital® (BC) U.S. Treasury Index** is designed to cover public obligations of the U.S. Treasury with a remaining maturity of one year or more. The **BC Aggregate Bond Index** is an unmanaged, market value-weighted performance benchmark for investment-grade fixed-rate debt issues, including government, corporate, asset-backed, and mortgage-backed securities with maturities of at least one year. The **BC U.S. Credit Bond Index** is designed to cover publicly issued U.S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements; bonds must be SEC-registered to qualify. The **BC U.S. Agency Index** is designed to cover publicly issued debt of U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government. The **BC CMBS Index** is designed to mirror commercial mortgage-backed securities of investment-grade quality (Baa3/BBB-/BBB- or above) using Moody's, S&P, and Fitch respectively, with maturity of at least one year. The **BC MBS Index** covers agency mortgage-backed pass-through securities (both fixed-rate and hybrid ARMs) issued by Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The **BC U.S. Municipal Bond Index** covers the U.S. dollar-denominated, long-term tax-exempt bond market with four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and pre-refunded bonds. The **BC TIPS Index** is an unmanaged market index made up of U.S. Treasury Inflation Linked Index securities. The **BC U.S. Government Bond Index** is a market value-weighted index of U.S. Government fixed-rate debt issues with maturities of one year or more. The **BC ABS Index** is a market value-weighted index that covers fixed-rate asset-backed securities with average lives greater than or equal to one year and that are part of a public deal; the index covers the following collateral types: credit cards, autos, home equity loans, stranded-cost utility (rate-reduction bonds), and manufactured housing. The **BC Global Aggregate Index** is composed of three sub-indices; the U.S. Aggregate Index, Pan-European Aggregate Index, and the Asian-Pacific Aggregate Index. In aggregate the index is created to be a broad-based measure of the performance of investment grade fixed rate debt on a global scale. The **BC US Corporate Long Aa Index** is an unmanaged index representing public obligations of the U.S. corporate and specified foreign debentures and secured notes with a remaining maturity of 10 years or more. The **BC U.S. Corporate High-Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. The **BC Intermediate Corporate Index** includes dollar-denominated debt from U.S. and non-U.S. industrial, utility, and financial institutions issuers with a duration of 1-10 years. The **BC U.S. Treasury Long Index** is an unmanaged index representing public obligations of the U.S. Treasury with a remaining maturity of one year or more. The **BC U.S. Government 10 Year Treasury Index** measures the performance of U.S. Treasury securities that have a remaining maturity of less than 10 years. The **BC BAA Corporate Index** measures the performance of the taxable Baa rated fixed-rate U.S. dollar-denominated corporate bond market. The **BC Global Treasury ex US Index** includes government bonds issued by investment-grade countries outside the United States, in local currencies, that have a remaining maturity of one year or more and are rated investment grade or higher. The **BC Emerging Market Bond Index** is an unmanaged index that total returns for external-currency-denominated debt instruments of the emerging markets. The **BC U.S. Securitized Bond Index** is a composite of asset-backed securities, collateralized mortgage-backed securities (ERISA-eligible) and fixed rate mortgage-backed securities. The **BC Quality Distribution AAA, B, and CC-D Indices** measure the respective credit qualities of U.S. corporate and specified foreign debentures and secured notes. The **BC Universal Index** represents the union of the U.S. Aggregate Index, the U.S. High Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, and the non-ERISA portion of the CMBS Index. The **BC 1-3 Year Government Credit Index** is an unmanaged index considered representative of performance of short-term U.S. corporate bonds and U.S. government bonds with maturities from one to three years. The **BC Long-term Government Index** is an unmanaged index reflecting performance of the long-term government bond market. The **BC Intermediate Aggregate Index** measures the performance of intermediate-term investment grade bonds. The **BC Intermediate 1-3 Year Government/Credit Index** measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year and less than ten years.

The **Bank of America ML U.S. High Yield Index** tracks the performance of below investment grade US Dollar Denominated corporate bonds publicly issued in the US market. Qualifying bonds have at least one year remaining term to maturity, are fixed coupon schedule and minimum outstanding of \$100 million.

DEFINITIONS AND DISCLOSURES

The **HFRI Funds of Funds Index (HFRI FOF)** is an equal weighted index designed to measure the performance of hedge fund of fund managers. The more than 800 multi-strategy constituents are required to have at least \$50 million in assets under management and a trading track record spanning at least 12 months. The index includes both on and offshore funds and all returns are reported in USD

The **NCREIF Property Index (NPI)** represents quarterly time series composite total rate of return measure of a very large pool of individual commercial real estate properties acquired in the private market. The index represents apartments, hotels, industrial properties, office buildings and retail properties which are at least 60% occupied and owned or controlled, at least in part by tax-exempt institutional investors or its designated agent. In addition these properties that are included must be investment grade, non-agricultural and income producing and all development projects are excluded. Constituents included in the NPI be valued at least quarterly, either internally or externally, using standard commercial real estate appraisal methodology. Each property must be independently appraised a minimum of once every three years.

The **FTSE NAREIT All REITs Index** is a market capitalization-weighted index that is designed to measure the performance of all tax-qualified Real Estate Investment Trusts (REITs) that are listed on the New York Stock Exchange, the American Stock Exchange, or the NASDAQ National Market List.

The **Dow Jones U.S. Select Real Estate Securities Index** is a float-adjusted market capitalization-weighted index of publicly traded real estate securities such as real estate investment trusts (REITs) and real estate operating companies (REOCs).

The **Cambridge PE Index** is a representation of returns for over 70% of the total dollars raised by U.S. leveraged buyout, subordinated debt and special situation managers from 1986 to December 2007. Returns are calculated based on the pooled time weighted return and are net of all fees. These pooled means represent the end to end rate of return calculated on the aggregate of all cash flows and market values reported by the general partners of the underlying constituents in the quarterly and annual reports.

The **University of Michigan Consumer Sentiment Index** is a consumer confidence index published monthly by the University of Michigan and Thomson Reuters. The index is normalized to have a value of 100 in December 1964.

VIX - The CBOE Volatility Index (VIX) is based on the prices of eight S&P 500 index put and call options.

Gold - represented by the dollar spot price of one troy ounce

WTI Crude - West Texas Intermediate is a grade of crude oil used as a benchmark in oil pricing.

The **Affordability Index** measures of a population's ability to afford to purchase a particular item, such as a house, indexed to the population's income

The **Homeownership %** is computed by dividing the number of owner-occupied housing units by the number of occupied housing units or households.

HFRI Emerging Markets: Asia ex-Japan, Global Index, Latin America Index, Russia/Eastern Europe Index: The constituents of the HFRI Emerging Markets Indices are selected according to their Regional Investment Focus only. There is no Investment Strategy criteria for inclusion in these indices. Funds classified as Emerging Markets have a regional investment focus in one of the following geographic areas: Asia ex-Japan, Russia/Eastern Europe, Latin America, Africa or the Middle East. **HFRI EH: Energy/Basic Materials** strategies which employ investment processes designed to identify opportunities in securities in specific niche areas of the market in which the Manager maintains a level of expertise which exceeds that of a market generalist. **HFRI EH: Equity Market Neutral** strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. **HFRI EH: Quantitative Directional** strategies employ sophisticated quantitative techniques of analyzing price data to ascertain information about future price movement and relationships between securities, select securities for purchase and sale. **HFRI EH: Short-Biased** strategies employ analytical techniques in which the investment thesis is predicated on assessment of the valuation characteristics on the underlying companies with the goal of identifying overvalued companies. **HFRI EH: Technology/Healthcare** strategies employ investment processes designed to identify opportunities in securities in specific niche areas of the market in which the Manager maintain a level of expertise which exceeds that of a market generalist in identifying opportunities in companies engaged in all development, production and application of technology, biotechnology and as related to production of pharmaceuticals and healthcare industry. **HFRI ED: Distressed Restructuring** strategies which employ an investment process focused on corporate fixed income instruments, primarily on corporate credit instruments of companies trading at significant discounts to their value at issuance or obliged (par value) at maturity as a result of either formal bankruptcy proceeding or financial market perception of near term proceedings. **HFRI ED: Merger Arbitrage** strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are currently engaged in a corporate transaction. **HFRI ED: Private Issue/Regulation D** strategies which employ an investment process primarily focused on opportunities in equity and equity related instruments of companies which are primarily private and illiquid in nature. **HFRI Macro: Systematic Diversified** strategies have investment processes typically as function of mathematical, algorithmic and technical models, with little or no influence of individuals over the portfolio positioning. **HFRI RV: Fixed Income - Asset Backed** includes strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a fixed income instrument backed physical collateral or other financial obligations (loans, credit cards) other than those of a specific corporation. **HFRI RV: Fixed Income - Convertible Arbitrage** includes strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a convertible fixed income instrument. **HFRI RV: Fixed Income - Corporate** includes strategies in which the investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread is a corporate fixed income instrument. **HFRI RV: Multi-Strategies** employ an investment thesis is predicated on realization of a spread between related yield instruments in which one or multiple components of the spread contains a fixed income, derivative, equity, real estate, MLP or combination of these or other instruments. **HFRI RV: Yield Alternatives Index** strategies employ an investment thesis is predicated on realization of a spread between related instruments in which one or multiple components of the spread contains a derivative, equity, real estate, MLP or combination of these or other instruments. Strategies are typically quantitatively driven to measure the existing relationship between instruments and, in some cases, identify attractive positions in which the risk adjusted spread between these instruments represents an attractive opportunity for the investment manager.

The **Consumer Price Index (CPI)** is an inflationary indicator that measures the change in the cost of a fixed basket of products and services, including housing, electricity, food, and transportation. The CPI is published monthly. Unless otherwise noted, the CPI figure is as of the date this report is created.

The **Credit Suisse Leveraged Loan Index** is a market value-weighted index designed to represent the investable universe of the U.S. dollar-denominated leveraged loan market.

The **Dow Jones-UBS Commodity Index** measures the performance of the commodities market. It consists of exchange-traded futures contracts on physical commodities that are weighted to account for the economic significance and market liquidity of each commodity.



Preliminary & Unaudited Results



MetroHealth

**Unaudited Financial and Operational Results
For the Period Ended December 31, 2023**

**Finance Committee
February 28, 2024**

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Preliminary & Unaudited Results

Management's Discussion and Analysis Unaudited Financial and Operational Results For the Period Ended December 31, 2023

GASB PRONOUNCEMENTS

- GASB Statement No. 96 *Subscription-Based Information Technology Arrangements* has been implemented starting in 2023. The right to use another party's IT software now results in the recognition of a subscription-based information technology arrangement (SBITA) liability and corresponding right-of-use asset on the Statement of Net Position. Additionally, expense associated with SBITAs are now recognized as amortization and interest expense as compared to the prior year in which SBITA expense was recognized within the Purchased Services line of the Statement of Revenues, Expenses, and Changes in Net Position.

EARNINGS BEFORE INTEREST, DEPRECIATION & AMORTIZATION (EBIDA) & OPERATING LOSS

- EBIDA for the twelve months ended December 31, 2023, was \$138.8 million, an increase of \$1.3 million or 0.9% over the same period in 2022, which had an EBIDA of \$137.5 million.
- EBIDA increase was primarily due to an increase in net patient revenue and other revenue, driven by growth in retail pharmacy operations.
- Operating loss was \$19.7 million for the twelve months ended December 31, 2023, compared with operating income of \$18.1 million in the same period of 2022, a decrease of \$37.8 million.

NON-OPERATING REVENUES/EXPENSES & NET INCOME

- Net investment income for the twelve months ended December 31, 2023, was \$54.1 million, compared with net investment loss of \$44.2 million in the same period of 2022, an increase of \$98.3 million due largely to improvement in market conditions.
- Net income for the twelve months ended December 31, 2023, was \$31.2 million, compared with net loss of \$24.6 million in the same period of 2022, an improvement of \$55.8 million.

Preliminary & Unaudited Results

REVENUE

- Total operating revenues for the twelve months ended December 31, 2023, were \$1.82 billion, compared to \$1.61 billion in the same period of 2022, an increase of \$207.7 million or 12.9%.
- Net patient service revenue increased \$96.9 million or 8.3%, due to:
 - An increase in various volumes including outpatient visits, emergency visits, and outpatient surgeries. Discharges also increased as compared to last year primarily due to the opening of the Behavioral Health Hospital in Cleveland Heights.
 - The increase in net patient service revenue is also attributed to a shift back to in-person visits versus virtual compared to prior year.
- Other revenue increased \$110.9 million or 24.5%, mainly due to the continued growth in retail pharmacy operations.
- For the twelve months ended December 31, 2023, the System experienced an improvement in payor mix as compared to the same period in 2022:
 - Medicare percentage increased 0.5%
 - Commercial percentage increased 0.8%
 - Medicaid percentage decreased 1.2%
 - Self-pay percentage decreased 0.1%
- Inpatient case mix index (CMI), a value used to measure patient acuity and the related resource consumption, for the twelve months ended December 31, 2023, was 1.74, which remained consistent with the same period in 2022. Medicare CMI was 1.94, an increase of 0.5% compared to the same period in 2022, while Medicaid CMI was 1.62, a decrease of 0.6% compared to the same period in 2022.

EXPENSES

- The System recorded total operating expenses before interest, depreciation, and amortization of \$1.7 billion for the twelve months ended December 31, 2023, as compared to \$1.5 billion for the same period in 2022, an increase of \$206.5 million or 14.0%.
- The increase in operating expenses was primarily driven by:
 - Salaries, wages, and benefits due to overtime, premium pay programs, contract labor, wage and FTE increases, including the associated benefits and employee health plan costs – \$122.4 million.
 - Pharmaceutical costs related to the continued growth in retail pharmacy operations – \$60.6 million.

Preliminary & Unaudited Results

EXPENSES (Continued)

- o Medical and non-medical supplies related to increased emergency visits, surgical volumes and in-person outpatient visits 12.8 million.
- o Other expenses related to retail pharmacy operations, increased franchise fee costs, and increased insurance premiums - \$8.6 million.
- o Plant operations due to expanded life flight operations – \$2.2 million.

NET POSITION

- As of December 31, 2023, total assets were \$2.4 billion, a decrease of \$157.3 million from the prior year-end. The change in assets was driven mainly by the following:
 - o Unrestricted cash and cash equivalents decreased \$9.1 million from prior year-end balances primarily due to capital purchases, timing of payments to suppliers and collections of receivables.
 - o Investments increased \$1.6 million from prior year-end balances driven by improved market conditions and partially offset by investment disbursements.
 - o Restricted assets under bond indenture agreements decreased \$40.3 million from prior year-end balances due to bond fund draws and interest payments made during the period.
 - o Net capital assets increased \$28.4 million from prior year-end balances due to ongoing campus transformation with the opening of The Glick Center and the Behavioral Health Hospital in Cleveland Heights in 2022, as well as ongoing construction of the new outpatient building at main campus.
 - o Implementation of GASB Statement No. 96 *SBITA*, which resulted in net additional assets of \$21.7 million as compared to prior year-end.
- As of December 31, 2023, total liabilities were \$2.5 billion, an increase of \$705.1 million from the prior year-end balance.
 - o Current liabilities were \$271.5 million, which represents a decrease of \$48.2 million from prior year-end balances. The decrease is largely attributable to the timing of payments to suppliers and a decrease in the accrued franchise fee expense.
 - o Long-term liabilities were \$2.3 billion, which represents an increase of \$754.4 million from prior year-end balances. The increase is primarily related to the increase in net pension and other postemployment benefits (OPEB) liabilities, accrued vacation amounts owed, and the implementation of GASB Statement No. 96 *SBITA*, partially offset by a decrease due to payments of long-term debt obligations.

Preliminary & Unaudited Results

OPERS ACTUARIAL ADJUSTMENT FOR PENSION (GASB Statement No. 68) AND OTHER POSTEMPLOYMENT BENEFITS (GASB Statement No. 75)

- The GASB Statement No. 68 and GASB Statement No. 75 adjustments are recorded on an annual basis using the results from the OPERS actuary reports.
- In Ohio, employer contributions to the State's cost-sharing multi-employer retirement systems are established by statute. These contributions are payable to the retirement systems one month in arrears and constitute the full legal claim on the System for pension and other postemployment benefits (OPEB) funding.
- Although the liabilities recognized under GASB Statement No. 68 and GASB Statement No. 75 meet the GASB definition of a liability in its conceptual framework for accounting standards, in Ohio there is no legal means to enforce the underfunded liability of the pension system as against the public employer. Additionally, there are no cash flows associated with the recognition of net pension and net OPEB liabilities, deferrals, and expenses beyond the requirement to make statutory contributions.
- To gain a clearer understanding of the System's actual financial condition, Net Position, adjusted for the impact of GASB Statement No. 68 (Pensions) and No. 75 (OPEB), by adding the net pension and net OPEB liabilities and deferred inflows related to pensions and OPEB and subtracting the net pension asset and deferred outflows related to pensions and OPEB, is presented in Table 1 below.

Table 1 – Net Position

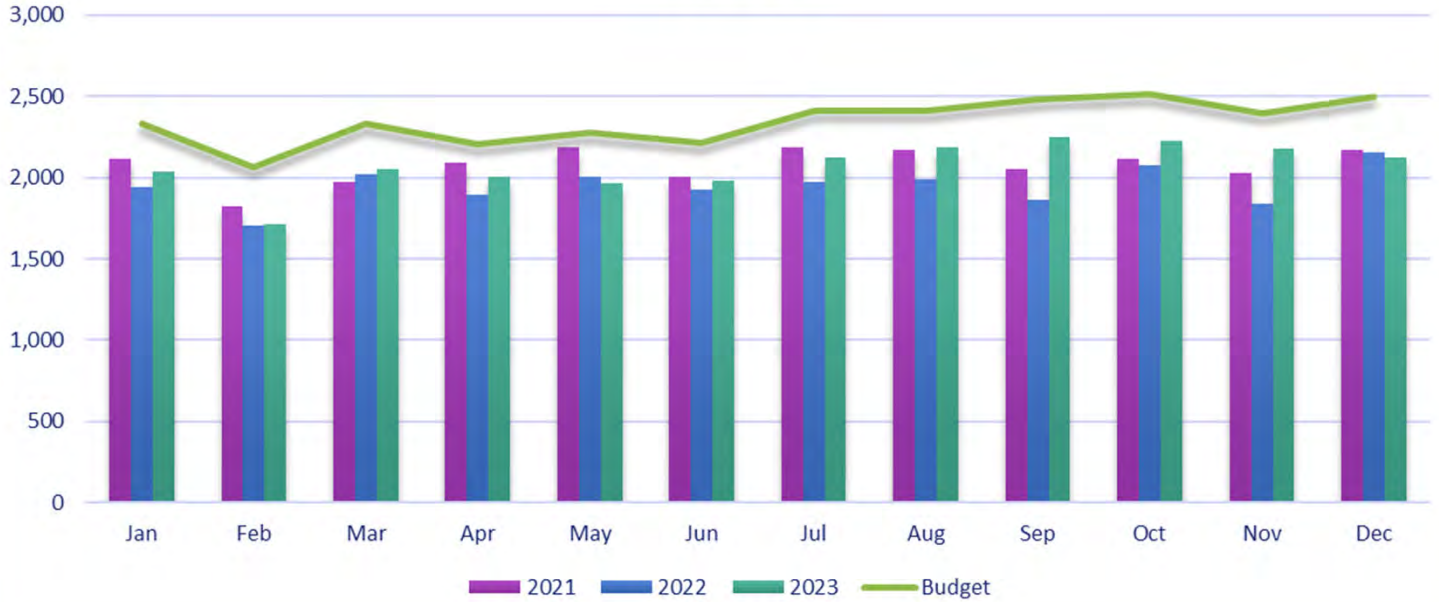
	12/31/2023	12/31/2022	12/31/2021
Net position (deficit):			
Net position (deficit), as reported in the Statement of Net Position	\$ 413,386	\$ 420,778	\$ 231,266
Plus:			
Net pension liability	1,037,575	304,075	496,483
Net OPEB liability	25,200	-	-
Deferred inflows related to pensions	2,570	377,142	219,912
Deferred inflows related to OPEB	9,257	130,430	208,263
Less:			
Net pension asset	(13,265)	(23,316)	(16,855)
Net OPEB asset	-	(124,584)	(68,093)
Deferred outflows related to pensions	(445,666)	(157,086)	(84,496)
Deferred outflows related to OPEB	(76,995)	(6,536)	(40,941)
Total net position, excluding pension and OPEB related amounts	\$ 952,062	\$ 920,903	\$ 945,539

Preliminary & Unaudited Results

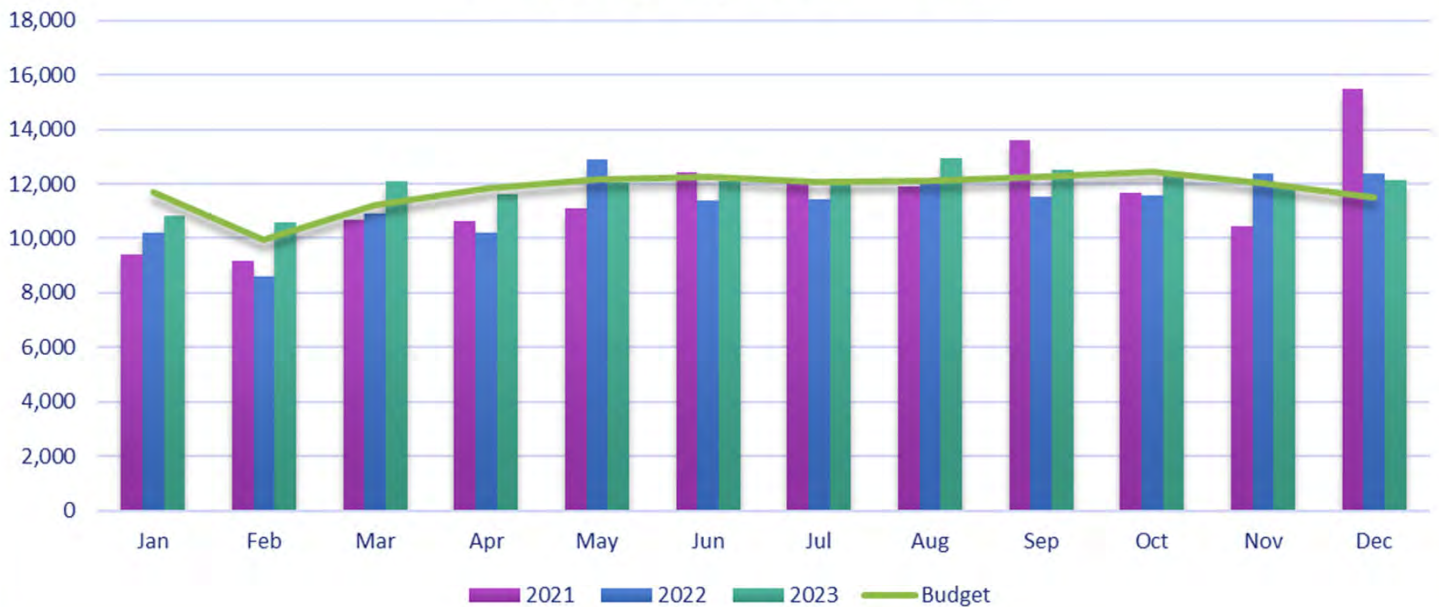
Statistics & Volumes

Text Bar

Discharges



Emergency Department Visits

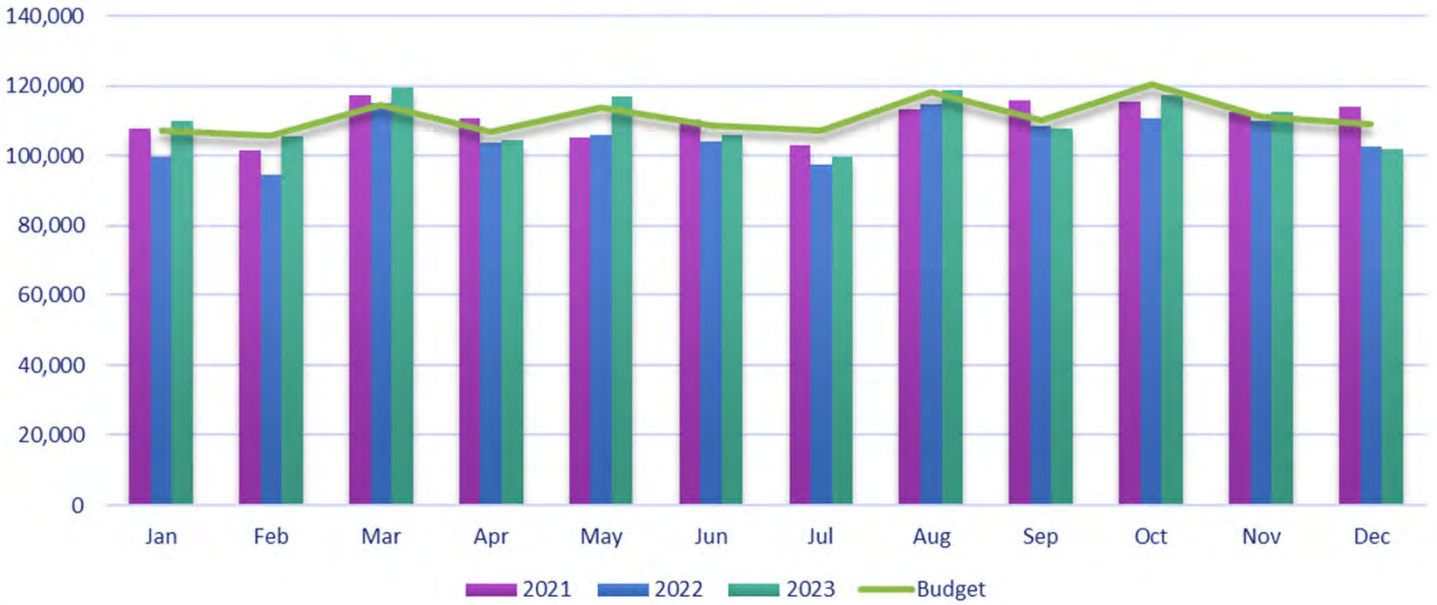


Preliminary & Unaudited Results

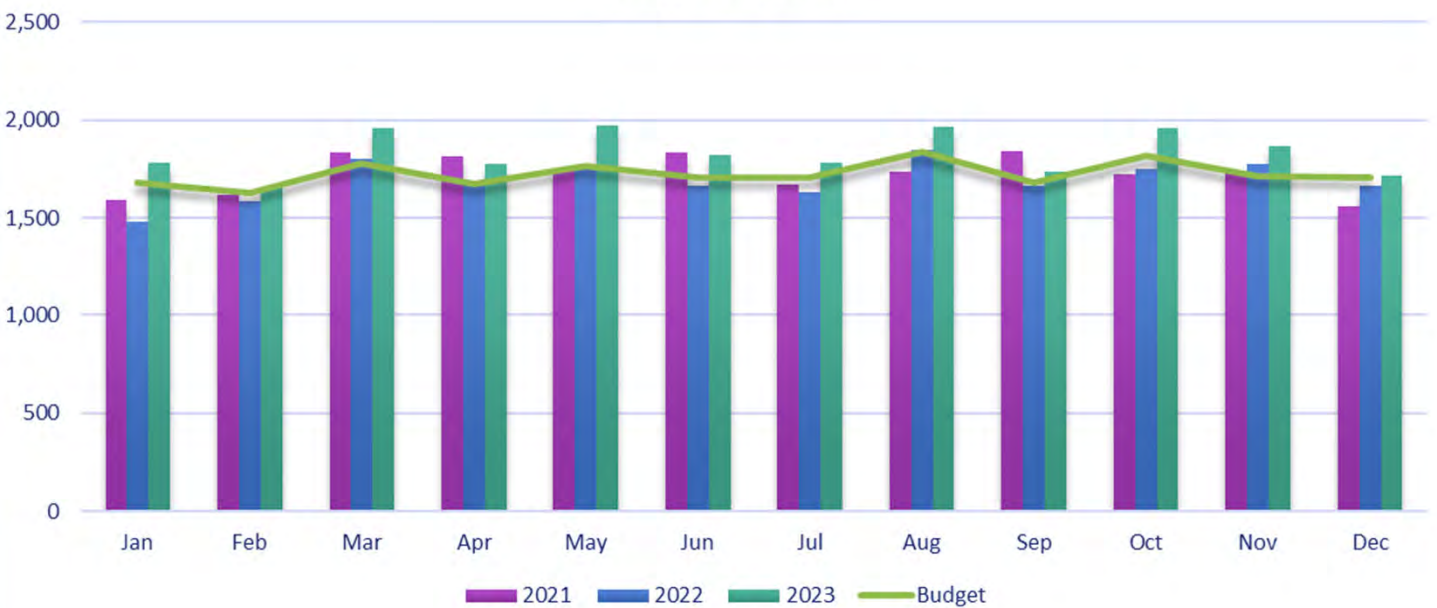
Statistics & Volumes

Next Bar

Outpatient Visits



Surgical Cases





PRELIMINARY & UNAUDITED RESULTS

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2023**

(Dollars in Thousands)

Internal Format

	Unaudited			
	TWELVE MONTHS ENDED DECEMBER 31			
	2023	2022	\$ Variance	% Variance
Operating Revenues				
Net patient service revenue	\$ 1,257,523	\$ 1,160,664	\$ 96,859	8.3%
Pharmacy revenue	373,424	257,138	116,286	45.2%
Other revenue ¹	190,635	196,056	(5,421)	(2.8%)
Total operating revenues	1,821,582	1,613,858	207,724	12.9%
Operating Expenses				
Salaries and wages	856,993	762,548	94,445	12.4%
OPERS contributions	102,090	91,050	11,040	12.1%
Other employee benefits	111,997	95,121	16,876	17.7%
Purchased services	118,646	118,568	78	0.1%
Medical supplies	115,289	105,715	9,574	9.1%
Pharmaceuticals	239,624	179,069	60,555	33.8%
Plant operations	40,409	38,258	2,151	5.6%
Non-medical supplies	17,383	14,190	3,193	22.5%
Other expenses	80,396	71,796	8,600	12.0%
Total operating expenses before interest, depreciation and amortization	1,682,827	1,476,315	206,512	14.0%
Operating income before interest, depreciation and amortization	138,755	137,543	1,212	0.9%
Depreciation and amortization	101,840	63,457	38,383	60.5%
Interest expense ¹	56,650	55,993	657	1.2%
Operating (loss) income	(19,735)	18,093	(37,828)	(209.1%)
Non-Operating Revenues (Expenses)				
Net investment income (loss)	54,086	(44,184)	98,270	222.4%
Other non-operating expense	(3,193)	(3,149)	(44)	(1.4%)
Noncapital grants and donations	4,728	8,179	(3,451)	(42.2%)
Grant expenses and support	(4,728)	(3,575)	(1,153)	(32.3%)
Total non-operating revenues (expenses)	50,893	(42,729)	93,622	219.1%
Income (loss) before OPERS actuarial adjustments	31,158	(24,636)	55,794	226.5%
OPERS actuarial adjustments ²	(38,550)	214,148	(252,698)	(118.0%)
Change in net position	(7,392)	189,512	(196,904)	(103.9%)
Total net position - beginning of period	420,778	231,266	189,512	81.9%
Total net position - end of period	\$ 413,386	\$ 420,778	(7,392)	(1.8%)

1 - County Funding, Interest Expense, Research Indirect Revenue, Build America Bond Revenue, Capital Grants and Gifts, and Contribution Revenue are classified as operating activity internally, and non-operating in the audited financial statements.

2 - The GASB Statement No. 68 & GASB Statement No. 75 actuarial pension and OPEB adjustments are recorded on an annual basis using the results from the OPERS actuary reports. This requirement creates an accounting liability rather than a legal liability. In Ohio, there are no legal means to enforce the unfunded liability of the pension and OPEB system against the public employer.



PRELIMINARY & UNAUDITED RESULTS

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2023**

**(Dollars in Thousands)
Internal Format**

	Unaudited			
	TWELVE MONTHS ENDED DECEMBER 31			
	Actual	Target	\$ Variance	% Variance
Operating Revenues				
Net patient service revenue	\$ 1,257,523	\$ 1,224,250	\$ 33,273	2.7%
Pharmacy revenue	373,424	289,317	84,107	29.1%
Other revenue ¹	190,635	178,782	11,853	6.6%
Total operating revenues	1,821,582	1,692,349	129,233	7.6%
Operating Expenses				
Salaries and wages	856,993	799,804	57,189	7.2%
OPERS contributions	102,090	99,456	2,634	2.6%
Other employee benefits	111,997	100,122	11,875	11.9%
Purchased services	118,646	111,431	7,215	6.5%
Medical supplies	115,289	101,222	14,067	13.9%
Pharmaceuticals	239,624	193,543	46,081	23.8%
Plant operations	40,409	39,767	642	1.6%
Non-medical supplies	17,383	13,820	3,563	25.8%
Other expenses	80,396	73,186	7,210	9.9%
Total operating expenses before interest, depreciation and amortization	1,682,827	1,532,351	150,476	9.8%
Operating income before interest, depreciation and amortization	138,755	159,998	(21,243)	(13.3%)
Depreciation and amortization	101,840	87,447	14,393	16.5%
Interest expense ¹	56,650	55,730	920	1.7%
Operating (loss) income	(19,735)	16,821	(36,556)	(217.3%)
Non-Operating Revenues (Expenses)				
Net investment income	54,086	21,357	32,729	153.2%
Other non-operating expense	(3,193)	-	(3,193)	(100.0%)
Noncapital grants and donations	4,728	1,525	3,203	210.0%
Grant expenses and support	(4,728)	(2,036)	(2,692)	(132.2%)
Total non-operating revenues (expenses)	50,893	20,846	30,047	144.1%
Income before OPERS actuarial adjustments	31,158	37,667	(6,509)	(17.3%)
OPERS actuarial adjustments ²	(38,550)	-	(38,550)	(100.0%)
Change in net position	(7,392)	37,667	(45,059)	(119.6%)
Total net position - beginning of period	420,778	420,778	-	0.0%
Total net position - end of period	\$ 413,386	\$ 458,445	(45,059)	(9.8%)

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PRELIMINARY & UNAUDITED RESULTS

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2023**

(Dollars in Thousands)

Internal Format

	Unaudited THREE MONTHS ENDED DECEMBER 31			
	2023	2022	\$ Variance	% Variance
Operating Revenues				
Net patient service revenue	\$ 332,211	\$ 310,466	\$ 21,745	7.0%
Pharmacy revenue	101,927	73,638	28,289	38.4%
Other revenue ¹	53,206	47,558	5,648	11.9%
Total operating revenues	487,344	431,662	55,682	12.9%
Operating Expenses				
Salaries and wages	218,015	203,983	14,032	6.9%
OPERS contributions	24,853	22,980	1,873	8.2%
Other employee benefits	33,567	26,651	6,916	26.0%
Purchased services	29,699	31,993	(2,294)	(7.2%)
Medical supplies	30,997	27,277	3,720	13.6%
Pharmaceuticals	66,581	46,464	20,117	43.3%
Plant operations	10,519	11,256	(737)	(6.5%)
Non-medical supplies	4,774	4,138	636	15.4%
Other expenses	20,569	16,911	3,658	21.6%
Total operating expenses before interest, depreciation and amortization	439,574	391,653	47,921	12.2%
Operating income before interest, depreciation and amortization	47,770	40,009	7,761	19.4%
Depreciation and amortization	26,320	21,546	4,774	22.2%
Interest expense ¹	14,238	14,358	(120)	(0.8%)
Operating income	7,212	4,105	3,107	75.7%
Non-Operating Revenues (Expenses)				
Net investment income	30,633	17,076	13,557	79.4%
Other non-operating expense	(1,910)	(1,960)	50	2.6%
Noncapital grants and donations	920	5,612	(4,692)	(83.6%)
Grant expenses and support	(920)	(1,007)	87	8.6%
Total non-operating revenues (expenses)	28,723	19,721	9,002	45.6%
Income before OPERS actuarial adjustments	35,935	23,826	12,109	50.8%
OPERS actuarial adjustments ²	(38,550)	214,148	(252,698)	(118.0%)
Change in net position	(2,615)	237,974	(240,589)	(101.1%)
Total net position - beginning of period	416,001	182,804	233,197	127.6%
Total net position - end of period	\$ 413,386	\$ 420,778	(7,392)	(1.8%)

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PRELIMINARY & UNAUDITED RESULTS

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2023**

**(Dollars in Thousands)
Internal Format**

	Unaudited			
	THREE MONTHS ENDED DECEMBER 31			
	Actual	Target	\$ Variance	% Variance
Operating Revenues				
Net patient service revenue	\$ 332,211	\$ 312,766	\$ 19,445	6.2%
Pharmacy revenue	101,927	78,947	22,980	29.1%
Other revenue ¹	53,206	50,935	2,271	4.5%
Total operating revenues	487,344	442,648	44,696	10.1%
Operating Expenses				
Salaries and wages	218,015	205,772	12,243	5.9%
OPERS contributions	24,853	24,194	659	2.7%
Other employee benefits	33,567	30,701	2,866	9.3%
Purchased services	29,699	27,290	2,409	8.8%
Medical supplies	30,997	26,190	4,807	18.4%
Pharmaceuticals	66,581	49,845	16,736	33.6%
Plant operations	10,519	10,004	515	5.1%
Non-medical supplies	4,774	3,602	1,172	32.5%
Other expenses	20,569	18,464	2,105	11.4%
Total operating expenses before interest, depreciation and amortization	439,574	396,062	43,512	11.0%
Operating income before interest, depreciation and amortization	47,770	46,586	1,184	2.5%
Depreciation and amortization	26,320	21,372	4,948	23.2%
Interest expense ¹	14,238	13,909	329	2.4%
Operating income	7,212	11,305	(4,093)	(36.2%)
Non-Operating Revenues (Expenses)				
Net investment income	30,633	5,863	24,770	422.5%
Other non-operating expense	(1,910)	-	(1,910)	(100.0%)
Noncapital grants and donations	920	-	920	100.0%
Grant expenses and support	(920)	65	(985)	(1,515.4%)
Total non-operating revenues (expenses)	28,723	5,928	22,795	384.5%
Income before OPERS actuarial adjustments	35,935	17,233	18,702	108.5%
OPERS actuarial adjustments ²	(38,550)	-	(38,550)	(100.0%)
Change in net position	(2,615)	17,233	(19,848)	(115.2%)
Total net position - beginning of period	416,001	416,001	-	0.0%
Total net position - end of period	\$ 413,386	\$ 433,234	(19,848)	(4.6%)

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PRELIMINARY UNAUDITED RESULTS
STATEMENTS OF NET POSITION
FOR THE PERIOD ENDED DECEMBER 31, 2023
(Dollars in Thousands)

Assets	Unaudited 12/31/23	Audited 12/31/22	Liabilities	Unaudited 12/31/23	Audited 12/31/22
Current Assets:			Current Liabilities:		
Cash and cash equivalents	\$ 167,168	\$ 176,315	Accounts payable	\$ 89,658	\$ 140,102
Accounts receivable	181,965	164,423	Accrued payroll and related liabilities	86,824	74,617
Allowance for uncollectible accounts	(32,420)	(25,078)	Contribution payable to the Public Employees Retirement System	15,178	15,924
Net accounts receivable	149,545	139,345	Accrued interest payable	20,908	21,062
Other receivables	87,531	120,832	General and professional liabilities	12,566	12,890
Supplies	28,287	28,807	Estimated amounts due to third-party payors	1,312	1,115
Prepaid expenses	18,745	10,604	Accrued vacation and sick leave	6,652	9,116
Total current assets	451,276	475,903	Line of credit	1,643	892
			Lease liability	6,850	6,919
Noncurrent Assets:			Subscription liability	6,809	-
Investments	536,909	535,266	Current installments of long-term debt	11,627	11,051
			Other current liabilities	10,405	26,030
Restricted Assets:			Total current liabilities	270,432	319,718
Cash and cash equivalents	5,597	5,377			
Special purpose investments	2,205	2,022	Long-Term Liabilities, less current installments:		
Under bond indenture agreements	54,800	95,089	General and professional liabilities	29,847	31,753
	62,602	102,488	Estimated amounts due to third-party payors	2,370	3,273
			Accrued vacation and sick leave	58,489	51,242
Capital Assets:			Other long-term liabilities	389	810
Land and construction in progress	274,382	318,195	Net pension liability ¹	1,037,575	304,075
Land improvements	25,832	13,989	Net OPEB liability ¹	25,200	-
Buildings and fixed equipment	1,451,945	1,362,724	Lease liability	65,418	70,111
Equipment	289,986	291,103	Subscription liability	9,622	-
	2,042,145	1,986,011	Long-term debt	1,025,014	1,038,251
Accumulated depreciation	(807,703)	(779,981)	Total long-term liabilities	2,253,924	1,499,515
	1,234,442	1,206,030	Total liabilities	2,524,356	1,819,233
Right-of-use assets:			Deferred Inflows of Resources		
Lease assets, net	81,799	88,527	Deferred inflows related to pensions ¹	2,570	377,142
Subscription assets, net	21,680	-	Deferred inflows related to OPEB ¹	9,257	130,430
	103,479	88,527	Deferred inflows related to leases	7,776	8,217
			Total deferred inflows of resources	19,603	515,789
Other Assets:			Net Position		
Net pension asset ¹	13,265	23,316	Net investment in capital assets	249,488	214,491
Net OPEB asset ¹	-	124,584	Restricted, debt service payments	35,660	38,083
Equity interest in joint ventures	17,173	18,420	Restricted, capital asset use	2,250	2,250
Other assets	14,362	16,230	Restricted, program activities	6,087	5,692
	44,800	182,550	Restricted, nonspendable	1,550	1,550
Total assets	2,433,508	2,590,764	Unrestricted	118,351	158,712
			Total net position	\$ 413,386	\$ 420,778
Deferred Outflows of Resources					
Deferred outflows related to pensions ¹	445,666	157,086	Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 2,957,345	\$ 2,755,800
Deferred outflows related to OPEB ¹	76,995	6,536			
Deferred amounts on debt refundings	1,176	1,414			
Total deferred outflows of resources	523,837	165,036			
Total Assets and Deferred Outflows of Resources	\$ 2,957,345	\$ 2,755,800			

1 - See Management's Discussion and Analysis.

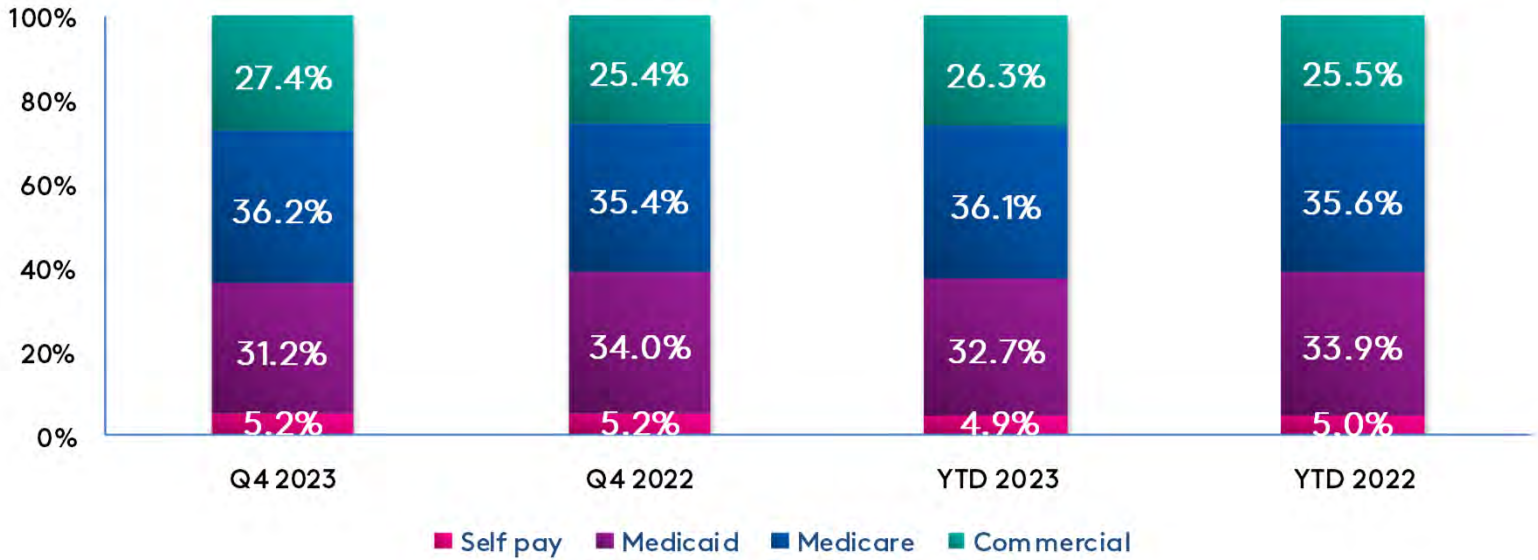
PRELIMINARY UNAUDITED RESULTS
STATEMENTS OF CASH FLOWS
FOR THE PERIOD ENDED DECEMBER 31, 2023
(Dollars in Thousands)

	Unaudited THREE MONTHS ENDED DECEMBER 31		Unaudited TWELVE MONTHS ENDED DECEMBER 31	
	2023	2022	2023	2022
Cash Flows From Operating Activities				
Patient service revenue	\$ 348,834	\$ 288,798	\$ 1,260,677	\$ 1,123,008
Advance payments	-	(1,198)	-	(50,686)
Other operating cash receipts	152,931	109,297	536,426	407,686
Payments to suppliers	(160,044)	(136,928)	(643,576)	(500,115)
Payments for compensation and benefits	(257,028)	(240,021)	(1,056,556)	(960,063)
Net cash flows provided by operating activities	84,693	19,948	96,971	19,830
Cash Flows From Noncapital Financing Activities				
County funding	8,100	5,400	32,400	32,400
Restricted grants, donations and other	1,959	2,069	9,841	7,552
Specific purpose funds expenses	(2,065)	(1,007)	(5,873)	(3,575)
Payments for joint venture equity interests	(206)	(887)	(2,773)	(2,399)
Principal payments on long-term debt	-	-	(1,779)	-
Interest payments on long-term debt	-	-	(7,999)	(8,044)
Proceeds from revolving line of credit	500	250	1,000	456
Principal payments on revolving line of credit	(150)	-	(250)	(1,300)
Interest payments on revolving line of credit	(25)	(10)	(91)	(44)
Net cash flows provided by noncapital financing activities	8,113	5,815	24,476	25,046
Cash Flows From Capital and Related Financing Activities				
Capital grants and gifts	277	5,055	1,299	5,140
Acquisitions and construction	(33,051)	(84,696)	(152,809)	(289,331)
Proceeds from sale of assets	266	1,856	266	1,871
Principal payments on long-term debt	(53)	(50)	(9,272)	(195)
Principal payments on leases and subscriptions	(6,924)	(1,614)	(15,903)	(12,580)
Interest payments on long-term debt	(4)	(6)	(46,948)	(47,184)
Interest payments on leases and subscriptions	(614)	(421)	(2,521)	(1,453)
Build America Bond receipts	-	1,018	3,059	2,036
Net cash flows used in capital and related financing activities	(40,103)	(78,858)	(222,829)	(341,696)
Cash Flows From Investing Activities				
Payments for investment purchases and reinvestments	(42,553)	(70,788)	(221,602)	(206,831)
Proceeds from investment sales and maturities	21,556	94,243	291,909	365,275
Interest received	10,403	6,095	22,148	18,812
Net cash flows (used in) provided by investing activities	(10,594)	29,550	92,455	177,256
Net increase (decrease) in cash and cash equivalents	42,109	(23,545)	(8,927)	(119,564)
Cash and cash equivalents				
Beginning	130,656	205,237	181,692	301,256
Ending	\$ 172,765	\$ 181,692	\$ 172,765	\$ 181,692
Reconciliation of Operating (Loss) Income to Net Cash Flows Provided by Operating Activities				
Operating (loss) income	\$ (26,944)	\$ 217,772	\$ (43,257)	\$ 242,494
Adjustments to reconcile operating (loss) income to net cash flows provided by operating activities				
Depreciation and amortization	26,320	21,546	101,840	63,457
Provision for bad debts	17,956	15,736	73,469	67,886
Changes in assets, deferred outflows, liabilities and deferred inflows:				
Patient accounts receivable	(3,267)	(18,263)	(83,669)	(69,551)
Other assets	148,655	(69,159)	153,987	(73,728)
Deferred outflows of resources	(359,039)	(38,185)	(359,039)	(38,185)
General and professional liabilities	(4,401)	(2,735)	(2,230)	(1,007)
Advance payments	-	(1,198)	-	(50,686)
Accounts payable and other liabilities	18,929	11,987	(13,295)	5,202
Other long-term liabilities	3,529	(4,542)	6,210	(13,041)
Net pension liability	733,500	(192,408)	733,500	(192,408)
Net OPEB liability	25,200	-	25,200	-
Deferred inflows of resources	(495,745)	79,397	(495,745)	79,397
Net cash flows provided by operating activities	\$ 84,693	\$ 19,948	\$ 96,971	\$ 19,830

Payor Mix

(based on gross patient revenue)

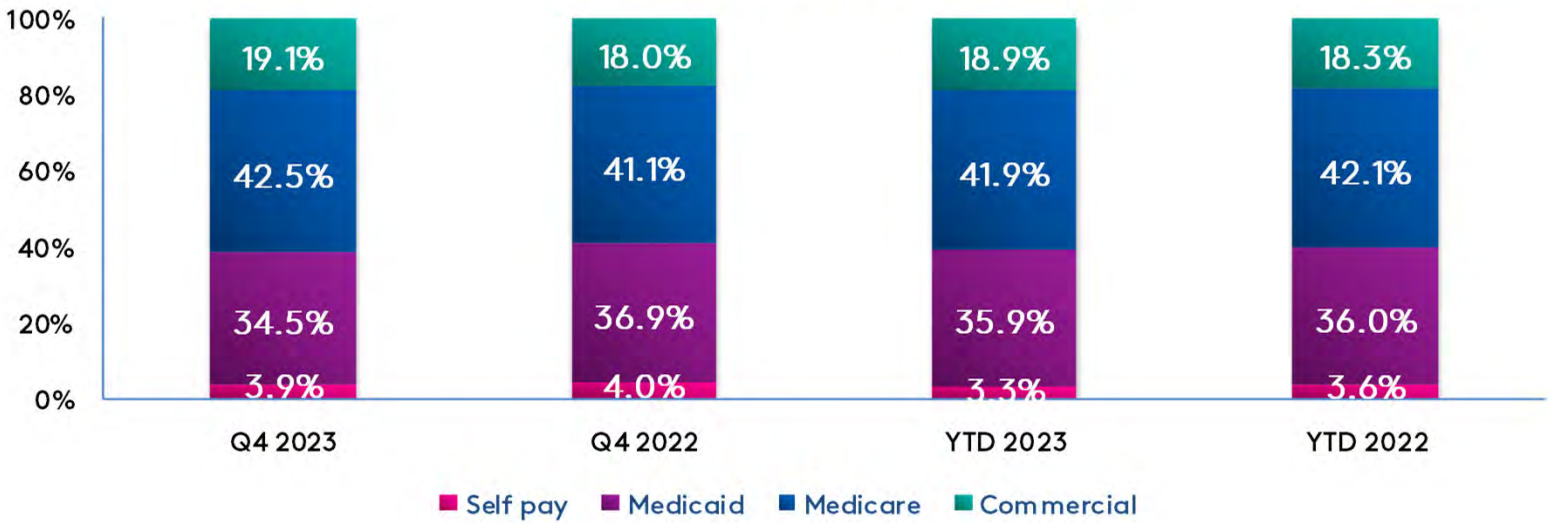
Total Payor Mix



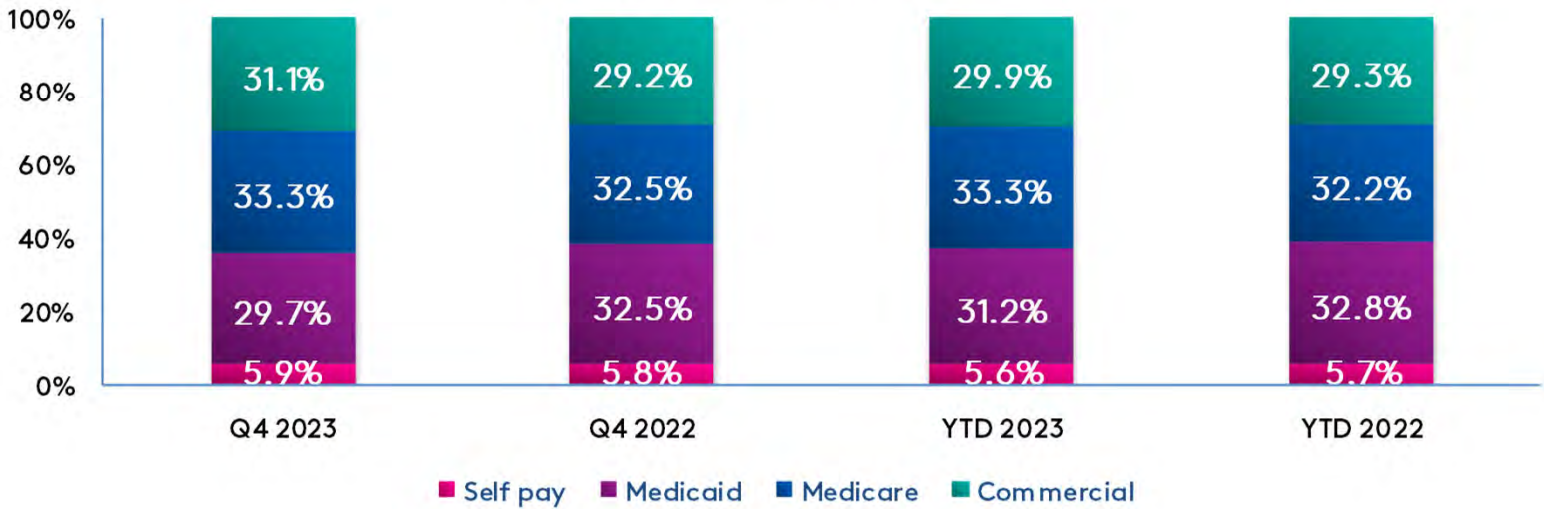
Payor Mix

(based on gross patient revenue)

Inpatient Payor Mix

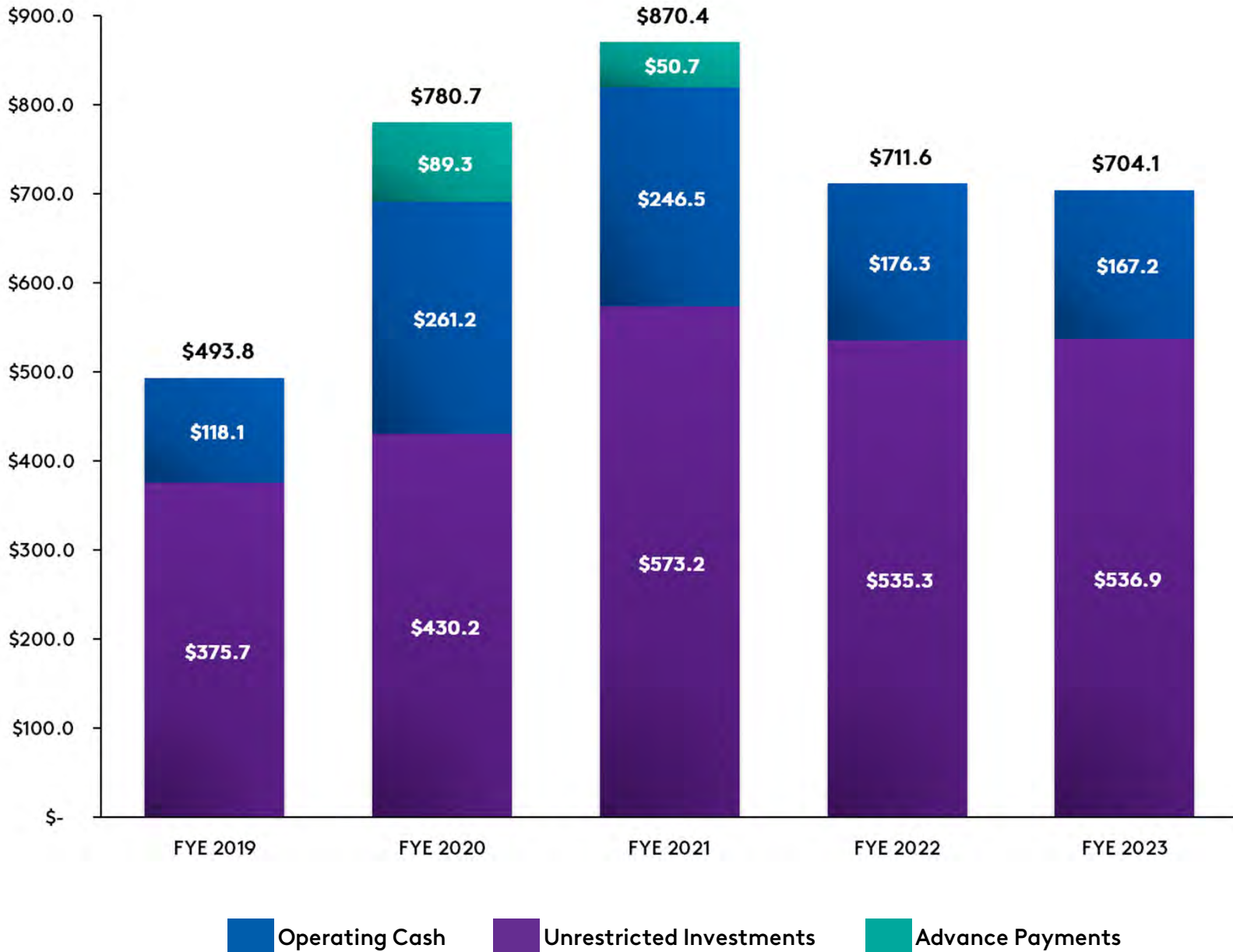


Outpatient Payor Mix



Preliminary & Unaudited Results

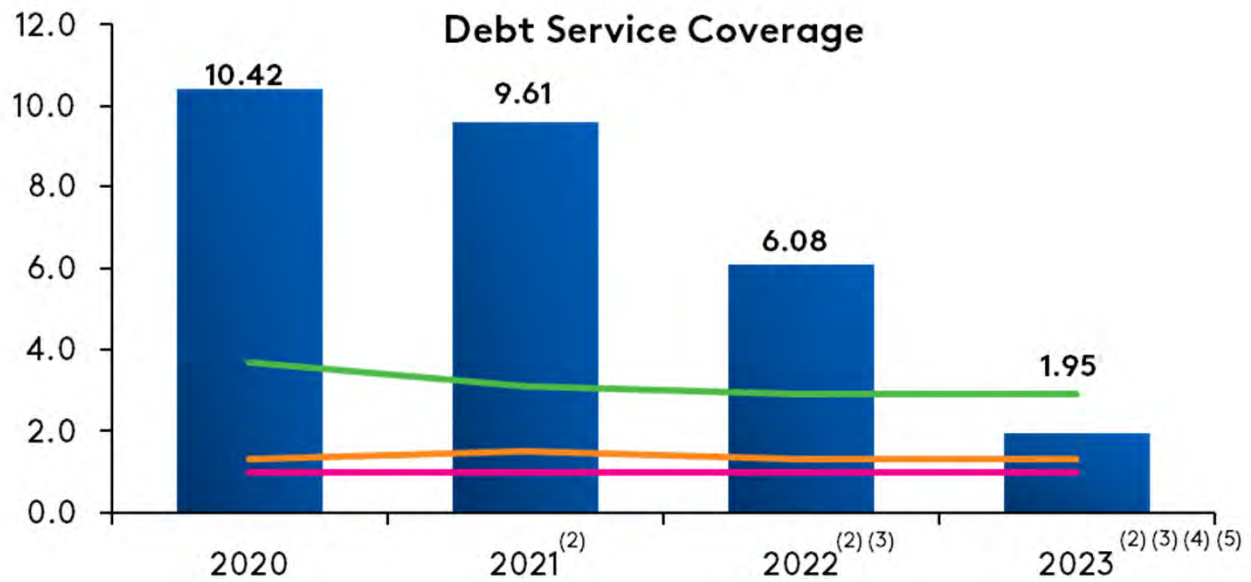
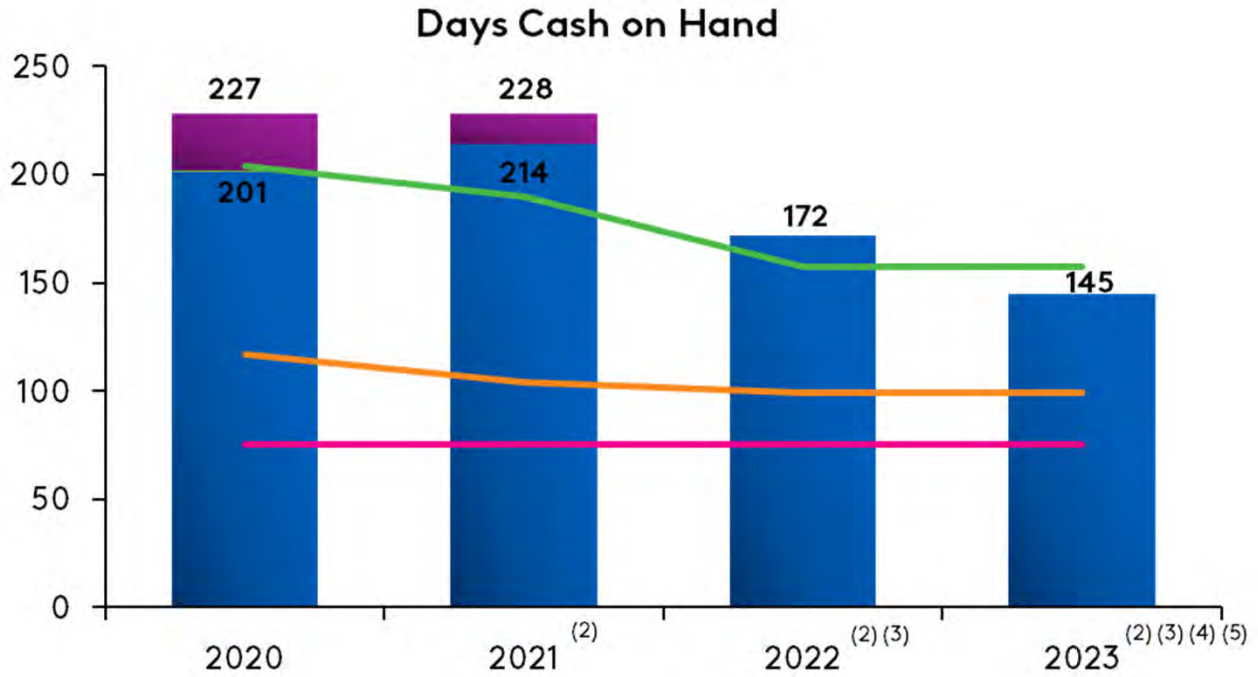
Unrestricted Cash & Investments



Notes:

- The 12/31/2020 & 12/31/2021 balances include \$89.3M and \$50.7M, respectively, in advanced payments from CMS and commercial payors. These advanced payments were repaid as of 12/31/2022.

Covenant Compliance



◆ Requirement ◆ Moody's⁽¹⁾ ◆ S&P⁽¹⁾
■ MetroHealth Results ■ Advance Payments

(1) 'BBB/Baa2' Healthcare System Medians
 (2) Calculations exclude the impact of GASB Statement No. 89
 (3) Calculations exclude the impact of GASB Statement No. 87
 (4) Calculations exclude the impact of GASB Statement No. 96
 (5) Trailing Twelve Months

Credit Rating Strength Diagnostic Tool

Trailing Twelve Months Ended December 2023

December 2023 MetroHealth Metrics vs. Rating Agency Medians (BBB Rating)

	MetroHealth Value	Moody's		S&P	
		Benchmark Medians	Variance	Benchmark Medians	Variance
(1) Operating Margins	-1.26%	-1.40%	9.74%	-0.90%	-40.40%
(1) Excess Margins	1.66%	0.10%	1564.05%	-2.10%	179.24%
(1) Operating EBITDA Margins	6.29%	4.40%	42.86%	4.10%	53.32%
(1) Cash Flow as % of Total Liabilities	5.27%	N/A	N/A	2.60%	102.55%
(1) Return on Assets	1.28%	0.10%	1179.84%	N/A	N/A
Maximum Annual Debt Service Coverage	1.83	2.70	-32.10%	1.30	41.02%
Cash on Hand (Days)	145.17	157.60	-7.89%	99.00	46.63%
Cushion ratio	11.01	17.90	-38.50%	9.90	11.19%
Cash-to-Debt	67.89%	116.80%	-41.88%	74.10%	-8.38%
Account Receivable (days)	43.41	46.80	-7.25%	44.60	-2.68%
(1) EBITDA Debt Service Coverage	1.95	2.90	-32.84%	N/A	N/A
Capital Spending Ratio (x)	1.50	0.90	66.72%	N/A	N/A
Capital Expenditures as % of Depreciation Expense	150.05%	N/A	N/A	117.20%	28.03%
Debt-to-capitalization	53.36%	33.20%	60.72%	52.60%	1.44%
(1) Debt-to-Cash Flow (x)	9.09	4.70	93.48%	N/A	N/A
Average Age of Plant (Years)	7.93	13.20	-39.92%	13.60	-41.68%

(1) The GASB Statement No. 68 & GASB Statement No. 75 adjustments, recorded on an annual basis using the results from the OPERS actuary reports, is excluded as there are no cash flows associated with the recognition of net pension and net OPEB liabilities, deferrals and expenses.

Preliminary & Unaudited Results

Capital Budget Summary

(\$ in Thousands)

Through December 31, 2023						
	Approved	Spent	Committed	Allocated	Balance \$	Balance %
2022	40,000	22,589	7,063	2,272	8,076	20.1%
2023	30,000	8,476	6,954	11,508	3,062	10.2%
Total	\$ 70,000	\$ 31,065	\$ 14,017	\$ 13,780	\$ 11,138	15.9%
		44.4%	20.0%	19.7%	15.9%	

	Approved	Spent	Committed	Allocated	Balance \$	Balance %
Routine/Strategic	27,000	7,449	6,378	11,117	2,056	7.6%
Contingency	1,870	516	248	117	989	52.9%
Minor	1,130	511	328	274	17	1.5%
2023	\$ 30,000	\$ 8,476	\$ 6,954	\$ 11,508	\$ 3,062	10.2%

Definitions:

- Spent - Expense already incurred
- Committed - Purchase Order issued or Requisition submitted but expense not incurred
- Allocated - Project approved/pending but no Purchase Orders issued yet, and no expense incurred.

Preliminary & Unaudited Results

Market Volumes

Volume % Change: December 2023 YTD compared to December 2022 YTD

System	Total Disch (Less New)	Newborns	ED Admits	ED Visits	Obs	Inpatient Surg	Outpatient Surg	Phys Rehab	Psych-Chem
<i>Market (Cuyahoga Hosps)</i>	3.5%	3.5%	2.1%	-0.1%	4.7%	2.4%	3.3%	13.0%	-13.6%
MetroHealth	6.0%	1.0%	8.2%	5.9%	5.5%	3.1%	11.7%	30.6%	148.8%
CCHS	7.7%	0.2%	8.0%	4.0%	3.0%	6.6%	7.0%	-0.9%	4.3%
UHHS	0.0%	9.2%	-4.5%	-2.4%	12.9%	-1.2%	3.7%	-6.9%	-55.6%
St. Vincent Charity	-100.0%		-100.0%	-100.0%	-100.0%	-100.0%	-100.0%		-100.0%
Hospital	Total Disch (Less New)	Newborns	ED Admits	ED Visits	Obs	Inpatient Surg	Outpatient Surg	Phys Rehab	Psych-Chem
MetroHealth*	6.0%	1.0%	8.2%	5.9%	5.5%	3.1%	11.7%	30.6%	148.8%
CCHS Cleveland Clinic*	5.9%		5.7%	7.3%	15.2%	5.0%	5.8%	-0.9%	
CCHS Euclid	12.7%		15.0%	8.0%	9.9%	-6.0%	-22.6%		15.2%
CCHS Fairview	4.7%	-1.1%	6.6%	-0.8%	-4.9%	13.5%	20.9%		-5.1%
CCHS Hillcrest	10.3%	1.7%	7.2%	0.6%	-7.8%	9.4%	0.6%		
CCHS Lutheran	16.8%		17.0%	6.2%	23.3%	14.8%	14.5%		8.2%
CCHS Marymount	6.5%		6.5%	6.1%	12.6%	-0.1%	12.4%		1.7%
CCHS South Pointe	14.4%		11.9%	5.5%	28.4%	7.5%	4.7%		
UH Ahuja	1.4%		8.2%	15.2%	38.4%	-4.9%	6.6%		
UH (LHS) Beachwood	5.0%		47.1%	71.6%	150.6%	13.3%	-3.3%		
UH Bedford - closed August 2022	-100.0%		-100.0%	-100.0%	-100.0%	-100.0%	-100.0%		
UH Cleveland*	1.2%	11.0%	-13.7%	-0.6%	11.4%	-1.2%	9.7%		-100.0%
UH Parma	-4.6%		-0.8%	3.1%	21.8%	-5.0%	15.3%	-9.6%	-100.0%
UH Richmond Hts - closed August 2022	-100.0%		-100.0%	-100.0%	-100.0%	-100.0%	-100.0%		
UH Southwest General	4.5%	1.1%	7.0%	6.7%	8.3%	8.7%	0.6%	-3.3%	-10.2%
UH St. John Medical Center	0.7%		3.8%	8.6%	7.0%	-8.1%	3.8%		
St. Vincent Charity - closed in Nov. 2022	-100.0%		-100.0%	-100.0%	-100.0%	-100.0%	-100.0%		-100.0%

Data Source: Center for Health Affairs (CHA)

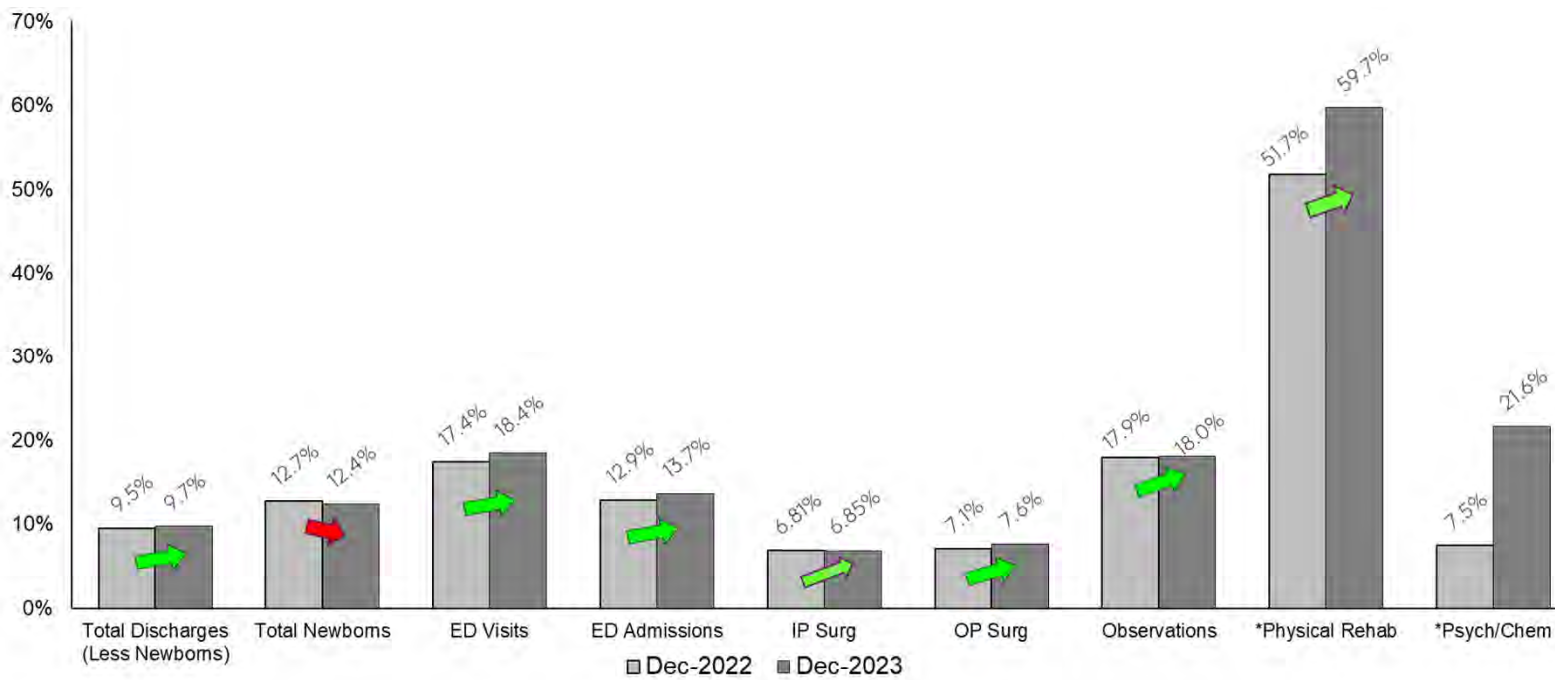
Key	Increasing and outperforming the market
	Decreasing but outperforming the market
	Increasing but underperforming the market
	Decreasing worse than the market

Notes:

- UH Parma Psych unit closed in 2022, and UH Main is not reporting Psych volumes at this time.
- The Rehab column does not capture the full market. Some Rehab hospitals do not report to CHA due to their joint venture status. CC Cleveland Clinic Rehab is CC Children’s Rehab.
- CCHS Lakewood FSED is reported here under CC Main Campus, UH Broadview Hts FSED volumes are reported under UH Main.
- MetroHealth ED Visits, ED Admits & Observations include volume from Brecksville, Cleveland Hts & Parma. Total Discharges includes Main Campus, Cleveland Hts & Parma volumes

MetroHealth Market Share

MetroHealth’s current YTD market share compared to the market share of the same period in the previous year



1. MetroHealth total Discharges, ED Visits, ED Admits, and Observations include volume from Brecksville, Cleveland Hts, and Parma where applicable.
2. Not all rehab facilities report to CHA, which may increase MetroHealth’s share.
3. Physical Rehab and Pysch/Chem based on relatively low volumes.

A decorative graphic in the top right corner of the page, consisting of numerous overlapping circles of various sizes and colors. The colors include shades of orange, red, pink, purple, blue, teal, and green. The circles are arranged in a way that suggests movement or a trail, starting from the top right and moving towards the bottom left.

Appendix

Quarterly and Year-to-Date Operating Performance - Volumes

Three Months Ended December 31, 2023				
Actual	Target	Var %	Prior Yr	Var %
5,220	5,572	(6.3%)	5,089	2.6%
573	587	(2.4%)	561	2.1%
554	1,074	(48.4%)	288	92.4%
166	175	(5.1%)	125	32.8%
7	0	0.0%	4	75.0%
6,520	7,408	(12.0%)	6,067	7.5%
2,457	2,626	(6.4%)	2,397	2.5%
8,977	10,034	(10.5%)	8,464	6.1%
304	365	(16.8%)	334	(9.1%)
14	11	27.3%	13	5.2%
46	88	(47.9%)	26	76.4%
40	34	17.5%	38	4.4%
0	0	0.0%	0	200.0%
404	498	(18.8%)	411	(1.7%)
5.36	6.03	11.2%	6.04	11.3%
2.17	1.67	(30.4%)	2.11	(3.0%)
7.61	7.54	(1.0%)	8.30	8.3%
22.10	17.82	(24.0%)	28.12	21.4%
3.00	0.00	0.0%	0.00	0.0%
1.98	1.92	3.4%	1.92	3.1%
1.62	1.62	(0.2%)	1.67	(3.0%)
1.67	1.64	2.0%	1.64	1.8%
1.75	1.73	1.2%	1.74	0.6%

Twelve Months Ended December 31, 2023					
Actual	Target	Var %	Prior Yr	Var %	
System Discharges					
Acute	19,974	21,866	(8.7%)	19,743	1.2%
Newborn	2,200	2,460	(10.6%)	2,203	(0.1%)
Behavioral Health Center	1,870	3,107	(39.8%)	787	137.6%
Post Acute/Rehab	767	709	8.2%	660	16.2%
Hospital in the Home	22	0	0.0%	5	340.0%
Total System Discharges	24,833	28,142	(11.8%)	23,398	6.1%
Total Observations	10,725	10,514	2.0%	10,291	4.2%
Inpatient & Observations	35,558	38,656	(8.0%)	33,689	5.5%
Average Daily Census					
Acute	312	363	(14.1%)	323	(3.5%)
Newborn	13	11	13.3%	13	(0.4%)
Behavioral Health Center	40	65	(38.4%)	18	120.9%
Post Acute/Rehab	39	35	9.7%	37	3.3%
Hospital in the Home	0	0	0.0%	0	345.5%
Total System Average Daily Census	404	474	(14.8%)	391	3.3%
Average Length of Stay					
Acute	5.70	6.07	6.0%	5.98	4.6%
Newborn	2.15	1.70	(26.7%)	2.16	0.2%
Behavioral Health Center	7.79	7.60	(2.4%)	8.38	7.0%
Post Acute/Rehab	18.37	18.12	(1.4%)	20.66	11.1%
Hospital in the Home	2.23	0.00	0.0%	2.20	(1.2%)
Case Mix Index					
Medicare	1.94	1.92	1.3%	1.93	0.5%
Medicaid	1.62	1.62	(0.2%)	1.63	(0.6%)
Other	1.66	1.64	1.4%	1.64	1.2%
Total	1.74	1.73	0.7%	1.74	0.0%

Quarterly and Year-to-Date Operating Performance - Volumes

Three Months Ended December 31, 2023				
Actual	Target	Var %	Prior Yr	Var %
677	722	(6.2%)	667	1.5%
492,218	0	0.0%	386,237	27.4%
184	201	(8.6%)	227	(18.9%)
250	188	33.2%	232	7.8%
262	300	(12.8%)	284	(7.7%)
775	445	74.3%	501	54.7%
70,935	74,871	(5.3%)	72,322	(1.9%)
215,617	199,425	8.1%	196,725	9.6%
45,238	66,687	(32.2%)	54,631	(17.2%)
331,790	340,983	(2.7%)	323,678	2.5%
18,165	19,300	(5.9%)	18,244	(0.4%)
18,178	16,686	8.9%	18,086	0.5%
36,343	35,986	1.0%	36,330	0.0%
1,283	1,338	(4.1%)	1,217	5.4%
26	60	(56.7%)	19	36.8%
1,617	1,520	6.4%	1,682	(3.9%)
2,621	2,332	12.4%	2,270	15.5%
5,547	5,250	5.7%	5,188	6.9%
7,752	7,791	0.5%	7,191	(7.8%)
195	195	0.2%	262	25.7%
99	123	19.9%	102	3.4%
8,046	8,109	0.8%	7,555	(6.5%)

Twelve Months Ended December 31, 2023					
Actual	Target	Var %	Prior Yr	Var %	
Other Key Volumes					
Deliveries	2,597	2,967	(12.5%)	2,614	(0.7%)
Prescriptions Filled	1,745,109	0	0.0%	1,360,765	28.2%
Life Flight - Helicopter Metro	787	861	(8.6%)	820	(4.0%)
Life Flight - Helicopter ProMedica	954	803	18.8%	420	127.1%
Life Flight - Ground	1,058	1,228	(13.8%)	1,191	(11.2%)
Life Flight - Internal MHS Transfers	2,445	2,055	19.0%	2,093	16.8%
OP Visit Volumes					
Main Campus	285,081	294,976	(3.4%)	294,224	(3.1%)
Other MH Sites	843,393	784,348	7.5%	735,204	14.7%
Telehealth	192,865	255,110	(24.4%)	238,844	(19.3%)
Total Visits	1,321,339	1,334,434	(1.0%)	1,268,272	4.2%
Emergency Visits					
Main Campus	73,368	75,935	(3.4%)	71,116	3.2%
Other MH Sites	69,894	65,622	6.5%	64,490	8.4%
Total Emergency Visits	143,262	141,557	1.2%	135,606	5.6%
Surgical Volumes					
Main Campus Inpatient	5,095	5,221	(2.4%)	5,005	1.8%
Parma Health Inpatient	71	120	(40.8%)	74	(4.1%)
Main Campus Outpatient	6,528	6,057	7.8%	6,020	8.4%
Other MH Sites OP Surgery	10,304	9,308	10.7%	9,196	12.0%
Total Cases	21,998	20,706	6.2%	20,295	8.4%
Regular FTE's	7,549	7,688	1.8%	6,996	(7.9%)
Overtime FTE's	213	195	(9.1%)	238	10.7%
Recovery Resource FTE's	101	123	17.9%	102	0.8%
Total Medical Center FTE's	7,863	8,006	1.8%	7,336	(7.2%)



**Preliminary & Unaudited Results
Presentation Format**

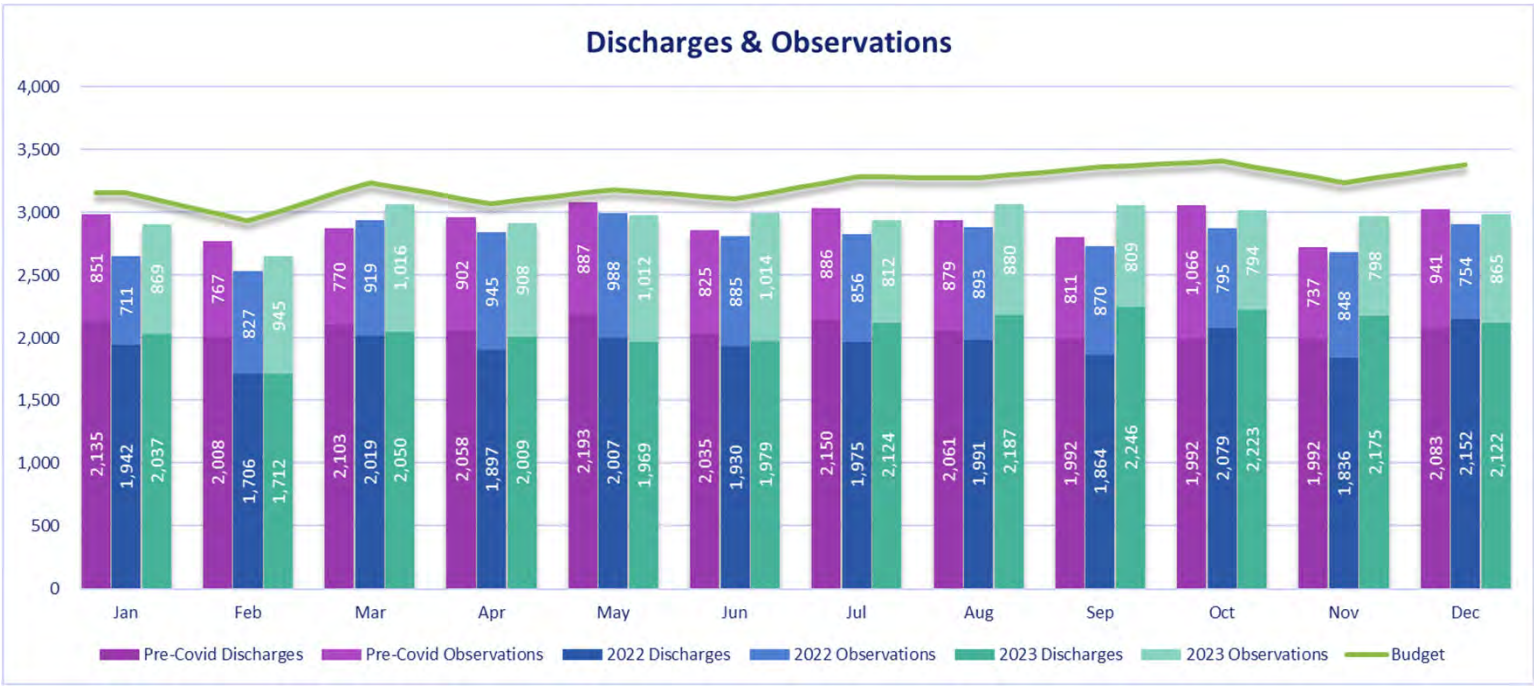
**Unaudited Financial and Operational Results
For the Period Ended December 31, 2023**

Finance Committee

February 28, 2024

Preliminary & Unaudited Results

Statistics & Volumes

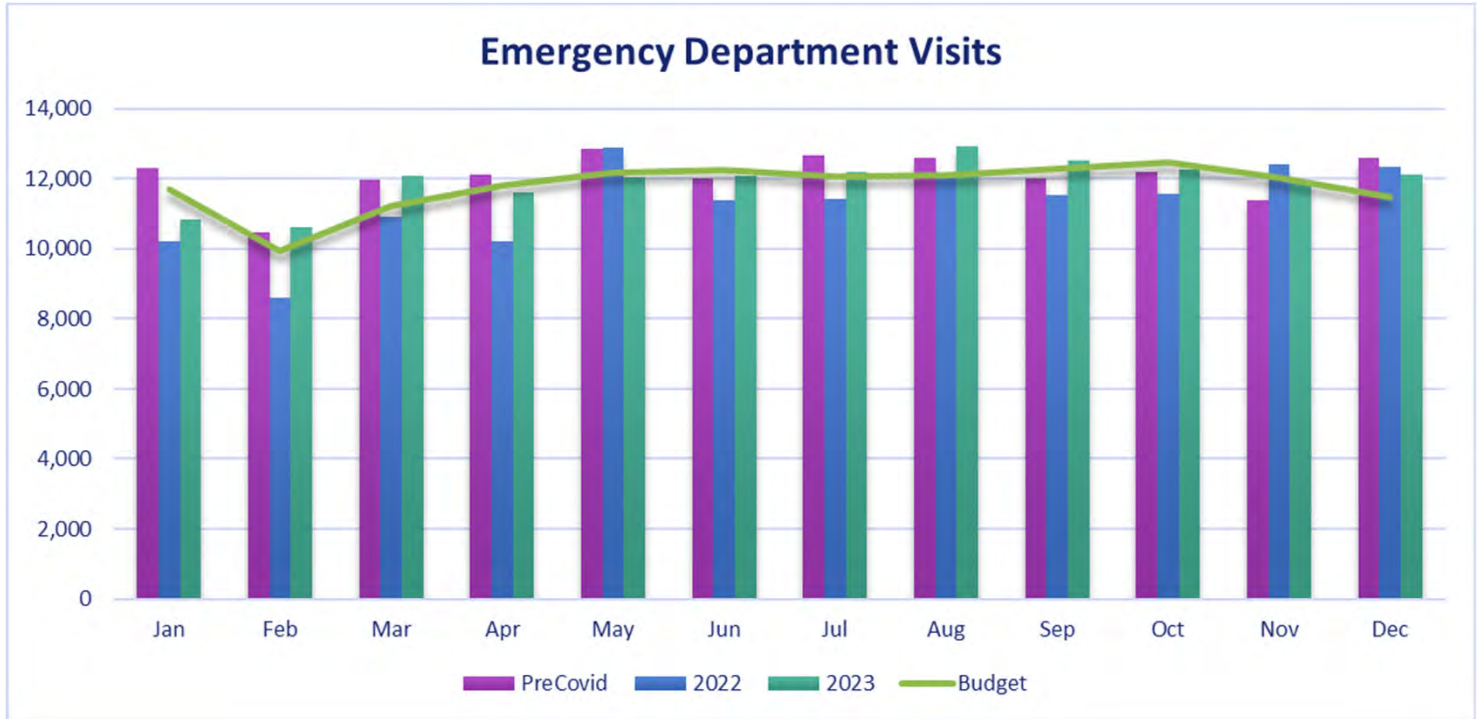


Discharges & Observations Annual Totals	Discharges	Observations	Total Discharges & Observations
Pre-Covid	24,802	10,322	35,124
2022	23,398	10,291	33,689
2023	24,833	10,722	35,555
2023 Budget	28,142	10,514	38,656

Preliminary & Unaudited Results

Statistics & Volumes

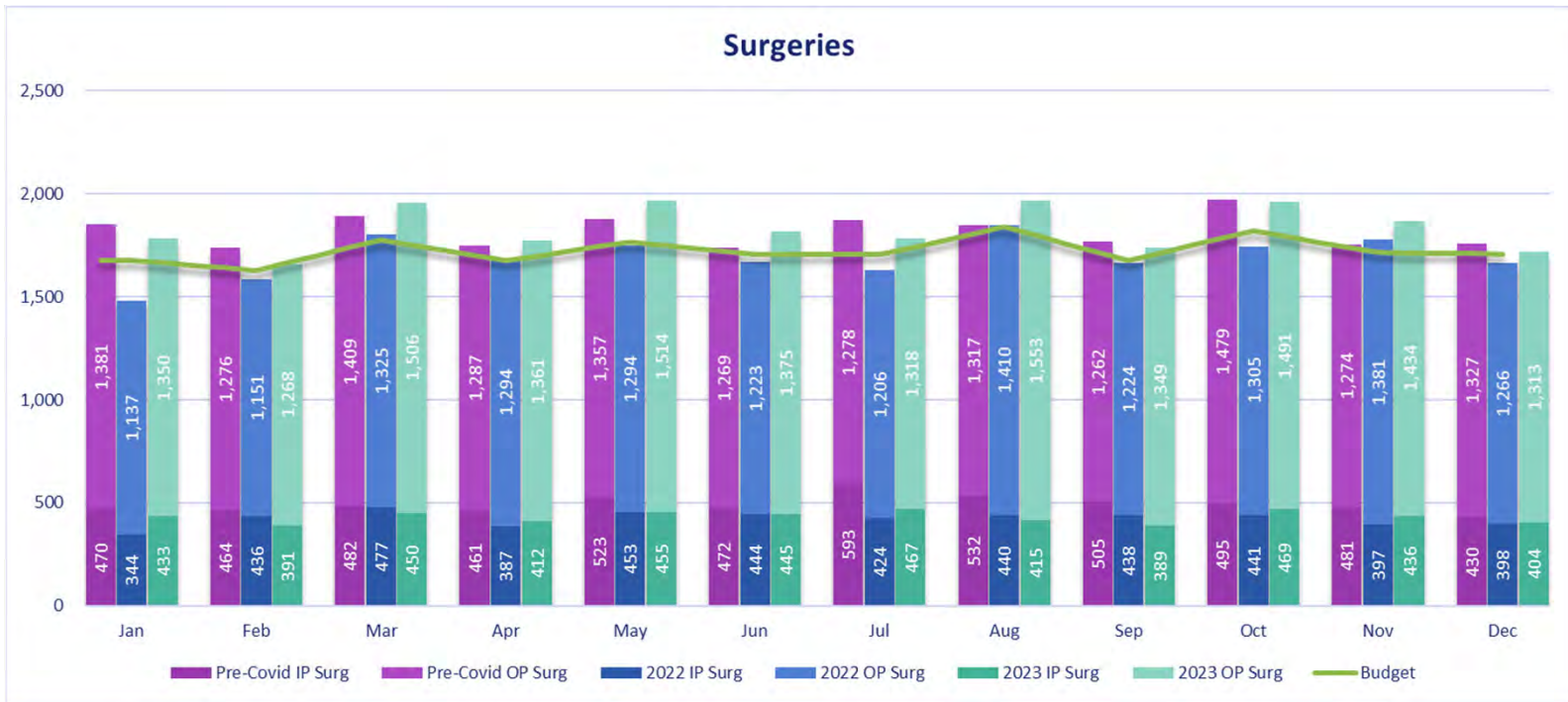
Text Bar



Emergency Departments Annual Totals	Emergency Department Visits
Pre-Covid	145,274
2022	135,606
2023	143,262
2023 Budget	141,557

Preliminary & Unaudited Results

Statistics & Volumes



Surgical Cases Annual Totals	In-Person Surgical Cases	Outpatient Surgical Cases	Total Surgical Cases
Pre-Covid	5,908	15,916	21,824
2022	5,079	15,216	20,295
2023	5,166	16,832	21,998
2023 Budget	5,341	15,358	20,699

Preliminary & Unaudited Results

Statistics & Volumes

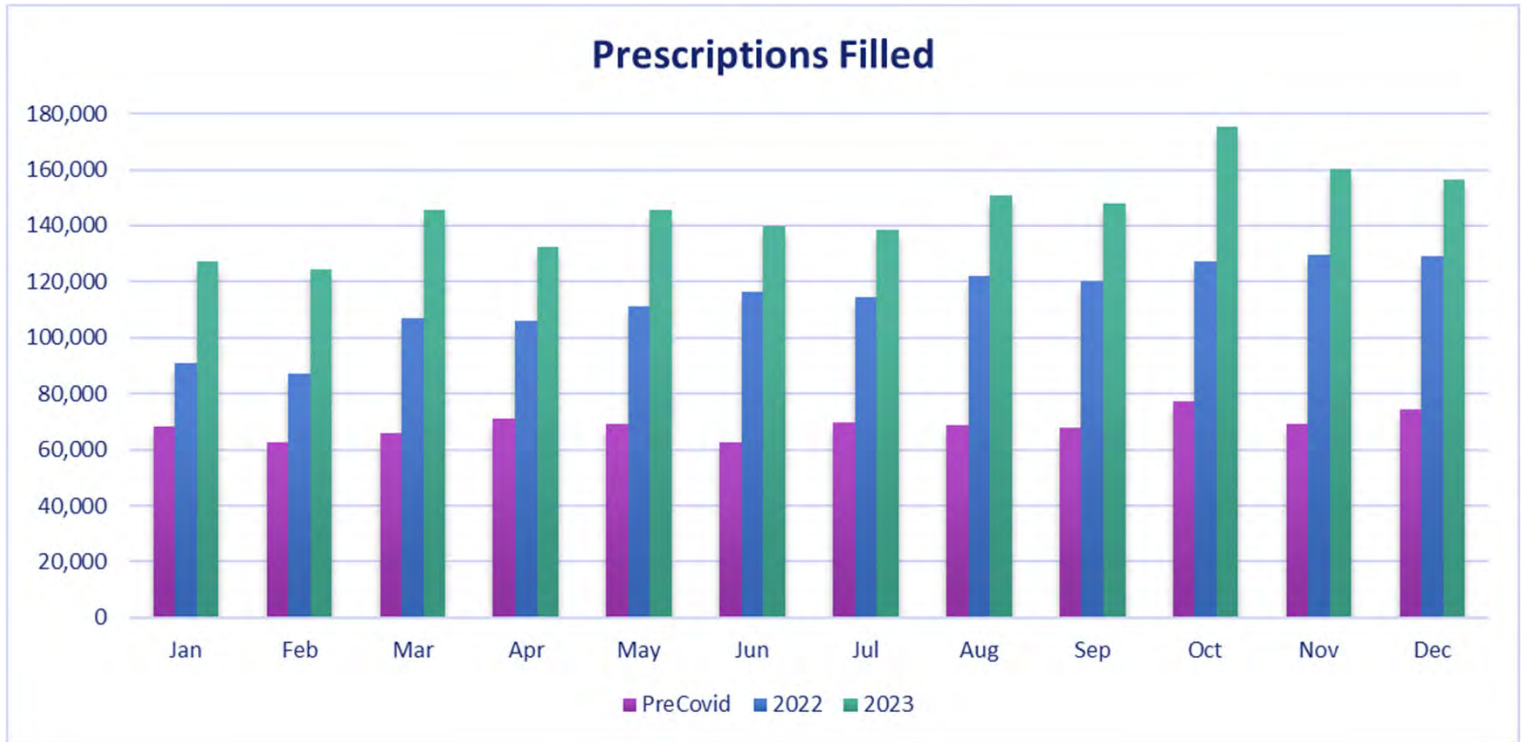
Outpatient Visits



Outpatient Visit Annual Totals	In-Person	Telehealth	Total Outpatient Visits
Pre-Covid	1,281,800	967	1,282,767
2022	1,029,428	238,844	1,268,272
2023	1,128,474	192,865	1,321,339
2023 Budget	1,079,324	255,110	1,334,434

Preliminary & Unaudited Results

Statistics & Volumes

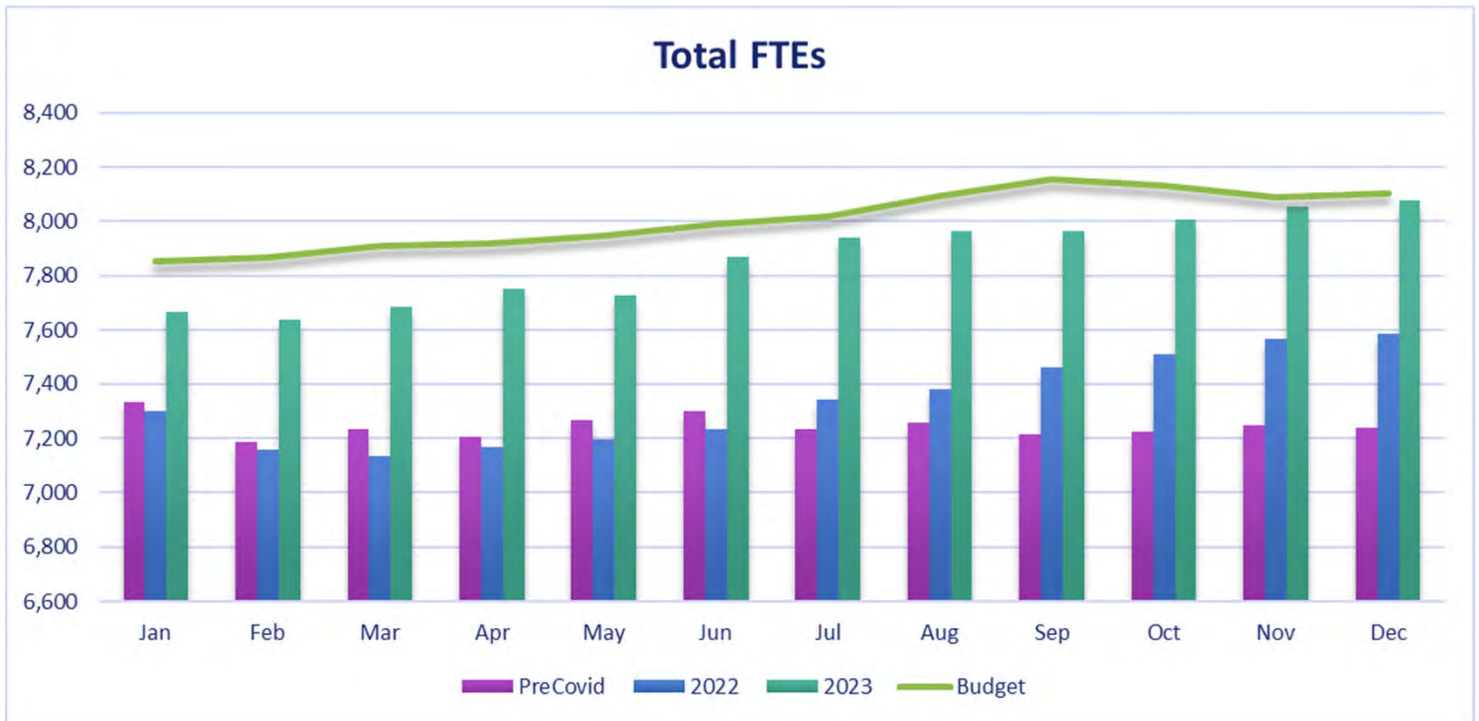


Prescriptions Filled Annual Totals	Prescriptions Filled
Pre-Covid	826,046
2022	1,360,765
2023	1,745,109

Preliminary & Unaudited Results

Statistics & Volumes

Text Bar



Total FTEs	FTEs
Pre-Covid	7,069
2022	7,336
2023	7,863
2023 Budget	8,007

Preliminary & Unaudited Results

Statement of Revenues, Expense and Changes in Net Position

For the Twelve Months Ended December 31, 2023

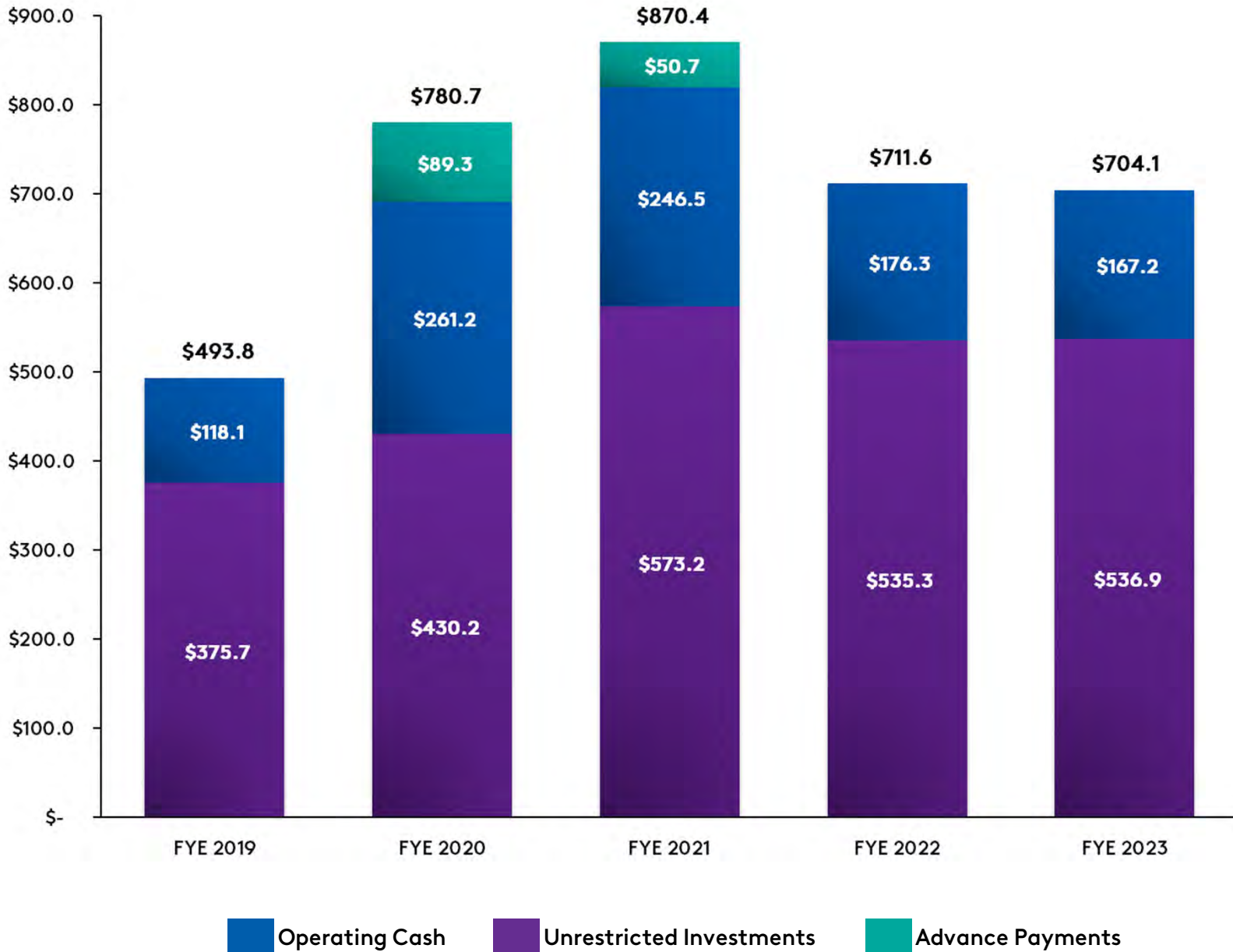
(Dollars in Thousands)

Internal Format

	2023		Variance		2022		Variance	
	Actual	Budget	Fav (Unfav)	%	Actual	Fav (Unfav)	%	
Operating Revenue								
Net Patient Revenue	1,257,523	1,224,250	33,273	2.7%	1,160,664	96,859	8.3%	
Pharmacy Revenue	373,424	289,317	84,107	29.1%	257,138	116,286	45.2%	
Other Revenue	190,635	178,782	11,853	6.6%	196,056	(5,421)	(2.8%)	
Total Operating Revenue	\$ 1,821,582	\$ 1,692,349	129,233	7.6%	\$ 1,613,858	207,724	12.9%	
Operating Expenses								
Salaries, Wages & Benefits	1,071,080	999,382	(71,698)	(7.2%)	948,719	(122,361)	(12.9%)	
Department Expenses	611,747	532,969	(78,778)	(14.8%)	527,596	(84,151)	(15.9%)	
Operating Expense before interest, depreciation and amortization	\$ 1,682,827	\$ 1,532,351	(150,476)	(9.8%)	\$ 1,476,315	(206,512)	(14%)	
EBIDA	\$ 138,755	\$ 159,998	(21,243)	(13.3%)	\$ 137,543	1,212	0.9%	
Depreciation, Amortization & Interest	158,490	143,177	(15,313)	(10.7%)	119,450	(39,040)	(32.7%)	
Operating (Loss) Income	\$ (19,735)	\$ 16,821	(36,556)	(217.3%)	\$ 18,093	(37,828)	(209.1%)	
Non-Operating Revenues	50,893	20,846	30,047	144.1%	(42,729)	93,622	219.1%	
Income before OPERS Actuarial Adjustments	\$ 31,159	\$ 37,667	(6,509)	(17.3%)	\$ (24,636)	55,794	226.5%	
OPERS actuarial adjustments	(38,550)	-	(38,550)	(100.0%)	214,148	(252,698)	(118.0%)	
Change in Net Position	\$ (7,392)	\$ 37,667	(45,059)	(119.6%)	\$ 189,512	(196,904)	(103.9%)	

Preliminary & Unaudited Results

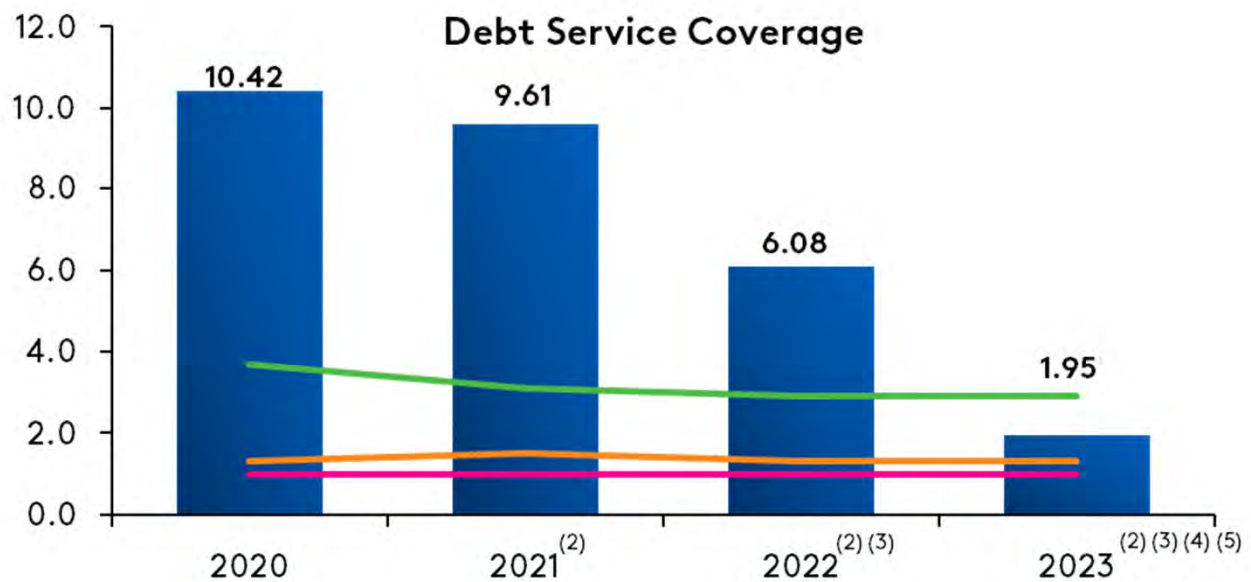
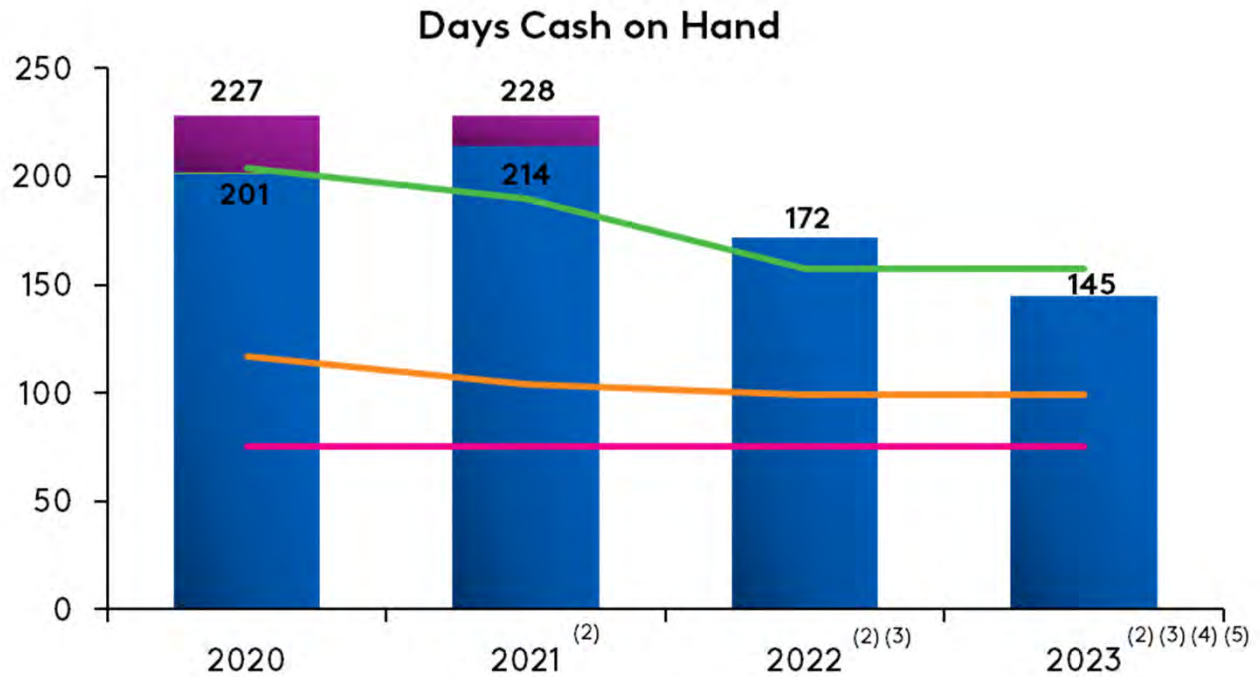
Unrestricted Cash & Investments



Notes:

- The 12/31/2020 & 12/31/2021 balances include \$89.3M and \$50.7M, respectively, in advanced payments from CMS and commercial payors. These advanced payments were repaid as of 12/31/2022.

Covenant Compliance



◆ Requirement
 ◆ Moody's⁽¹⁾
 ◆ S&P⁽¹⁾
■ MetroHealth Results
 ■ Advance Payments

(1) 'BBB/Baa2' Healthcare System Medians
 (2) Calculations exclude the impact of GASB Statement No. 89
 (3) Calculations exclude the impact of GASB Statement No. 87
 (4) Calculations exclude the impact of GASB Statement No. 96
 (5) Trailing Twelve Months

Credit Rating Strength Diagnostic Tool

Trailing Twelve Months Ended December 2023

December 2023 MetroHealth Metrics vs. Rating Agency Medians (BBB Rating)

	MetroHealth Value	Moody's		S&P	
		Benchmark Medians	Variance	Benchmark Medians	Variance
(1) Operating Margins	-1.26%	-1.40%	9.74%	-0.90%	-40.40%
(1) Excess Margins	1.66%	0.10%	1564.05%	-2.10%	179.24%
(1) Operating EBITDA Margins	6.29%	4.40%	42.86%	4.10%	53.32%
(1) Cash Flow as % of Total Liabilities	5.27%	N/A	N/A	2.60%	102.55%
(1) Return on Assets	1.28%	0.10%	1179.84%	N/A	N/A
Maximum Annual Debt Service Coverage	1.83	2.70	-32.10%	1.30	41.02%
Cash on Hand (Days)	145.17	157.60	-7.89%	99.00	46.63%
Cushion ratio	11.01	17.90	-38.50%	9.90	11.19%
Cash-to-Debt	67.89%	116.80%	-41.88%	74.10%	-8.38%
Account Receivable (days)	43.41	46.80	-7.25%	44.60	-2.68%
(1) EBITDA Debt Service Coverage	1.95	2.90	-32.84%	N/A	N/A
Capital Spending Ratio (x)	1.50	0.90	66.72%	N/A	N/A
Capital Expenditures as % of Depreciation Expense	150.05%	N/A	N/A	117.20%	28.03%
Debt-to-capitalization	53.36%	33.20%	60.72%	52.60%	1.44%
(1) Debt-to-Cash Flow (x)	9.09	4.70	93.48%	N/A	N/A
Average Age of Plant (Years)	7.93	13.20	-39.92%	13.60	-41.68%

(1) The GASB Statement No. 68 & GASB Statement No. 75 adjustments, recorded on an annual basis using the results from the OPERS actuary reports, is excluded as there are no cash flows associated with the recognition of net pension and net OPEB liabilities, deferrals and expenses.

Preliminary & Unaudited Results



MetroHealth

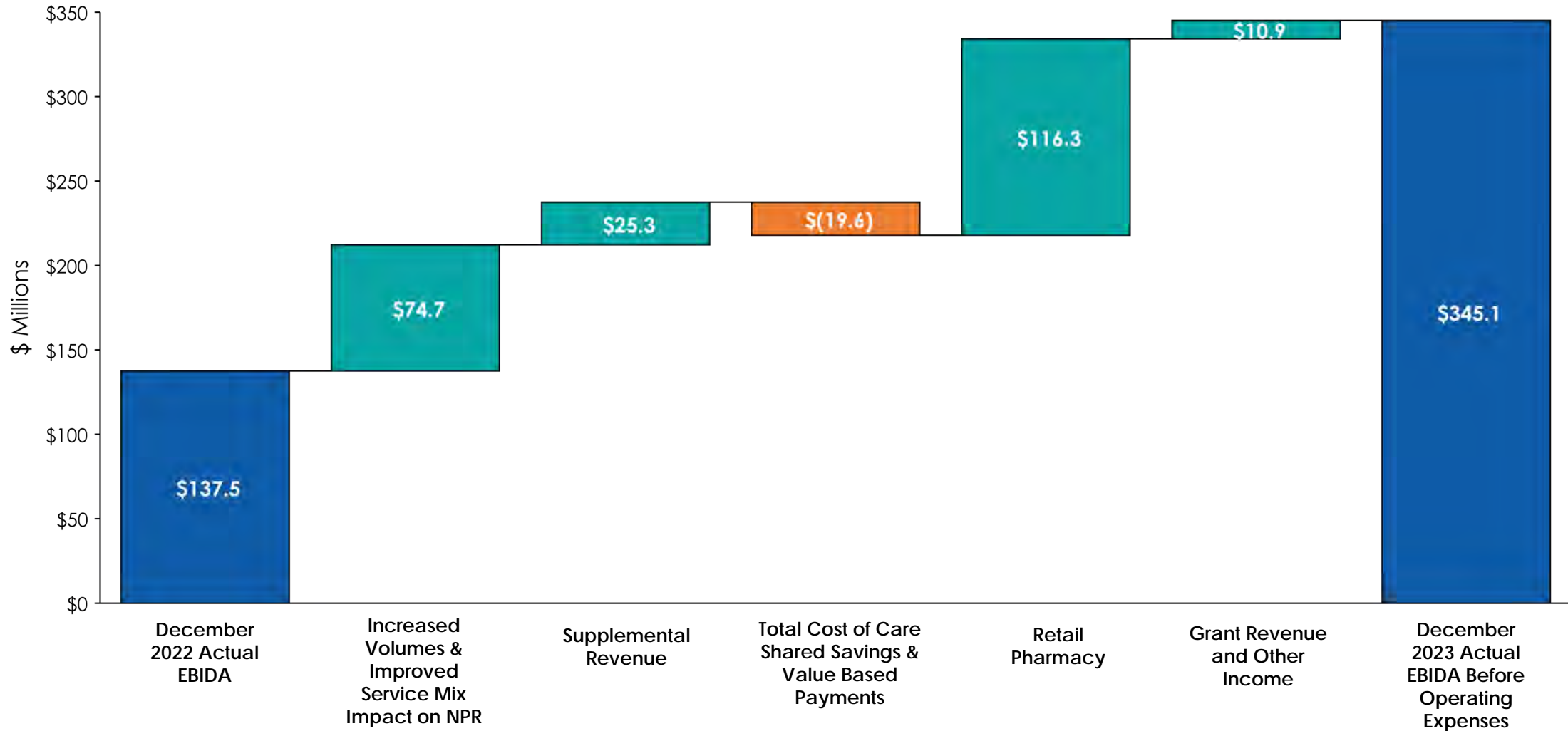
Q4 2023 Unaudited Financial and Operation Results Supplemental Waterfall Charts

Finance Committee

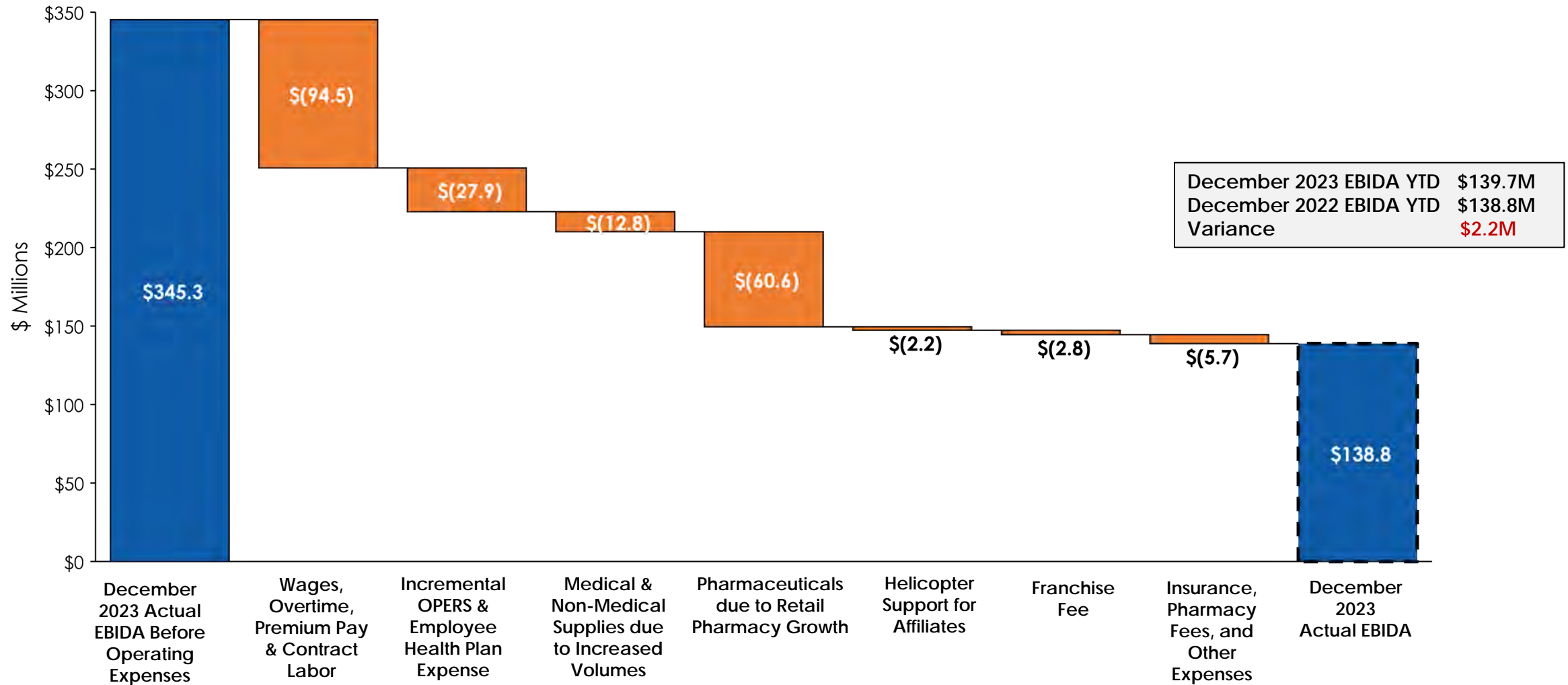
February 28, 2024



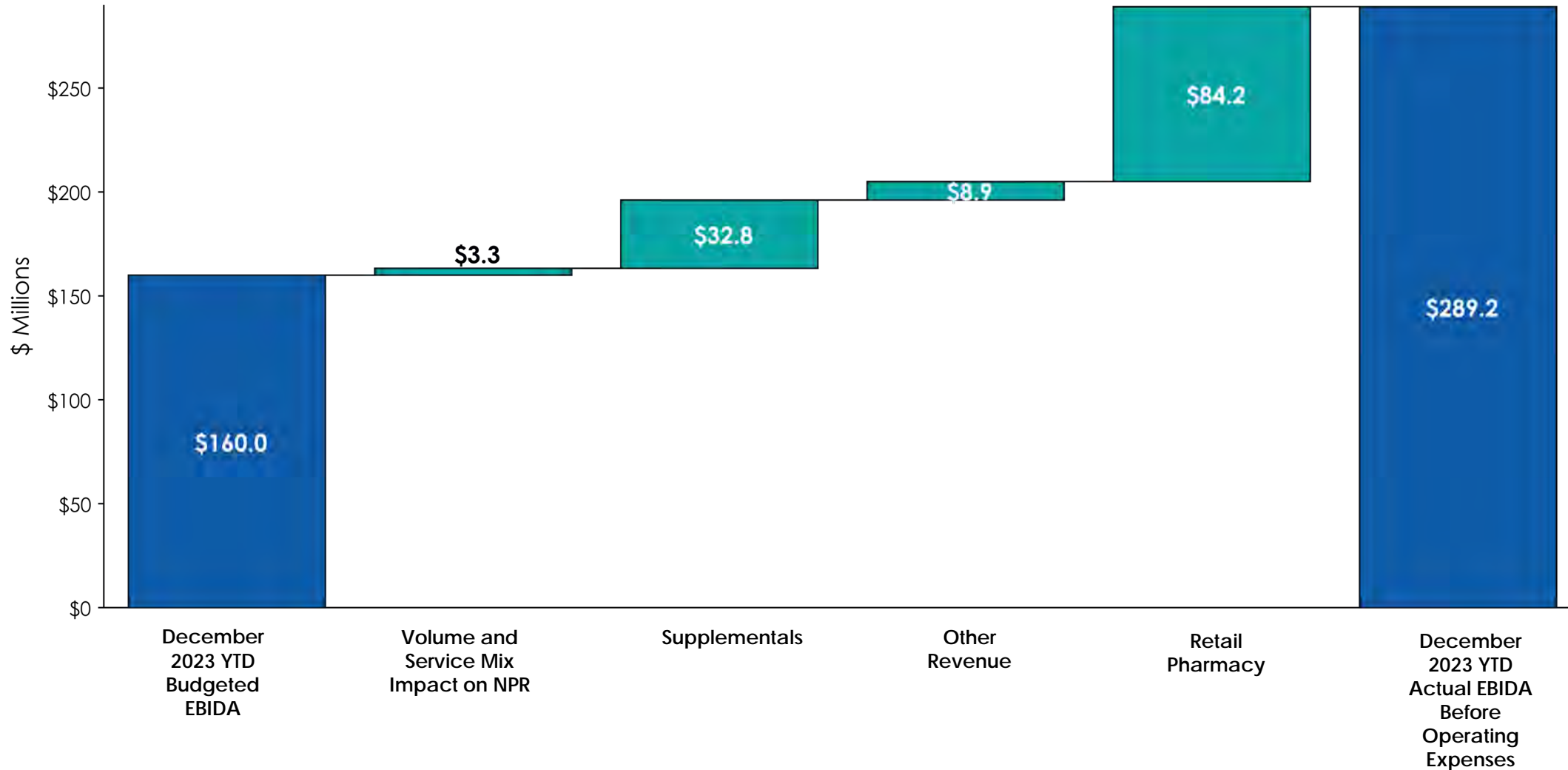
December 2023 YTD compared to December 2022 YTD Financial Results (Represents change/variance from Actual)



December 2023 YTD compared to December 2022 YTD Financial Results (Represents change/variance from Actual)

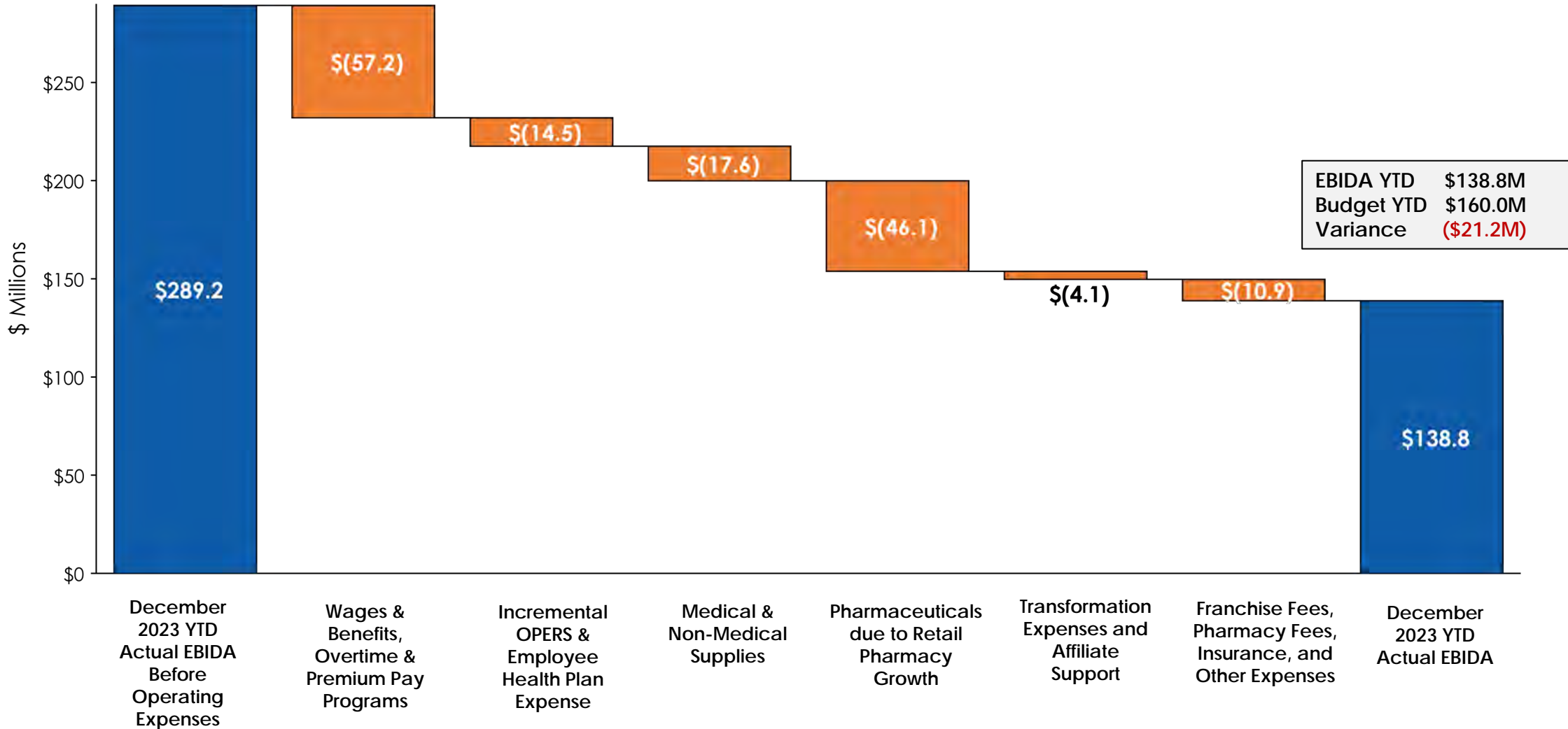


December 2023 YTD Financial Results Compared to Budget (Represents change/variance from Budget)



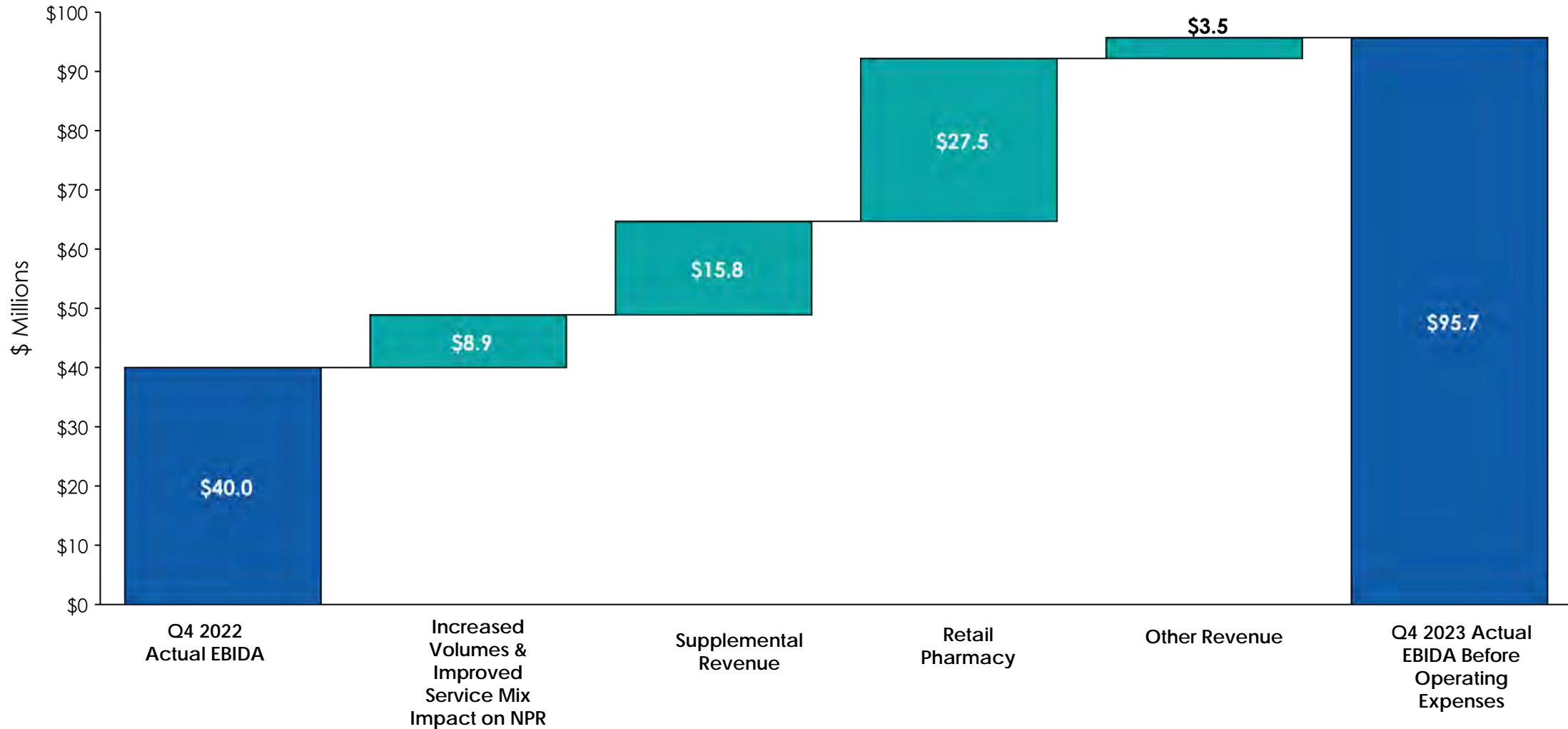
Preliminary & Unaudited Results

December 2023 YTD Financial Results Compared to Budget (Represents change/variance from Budget)



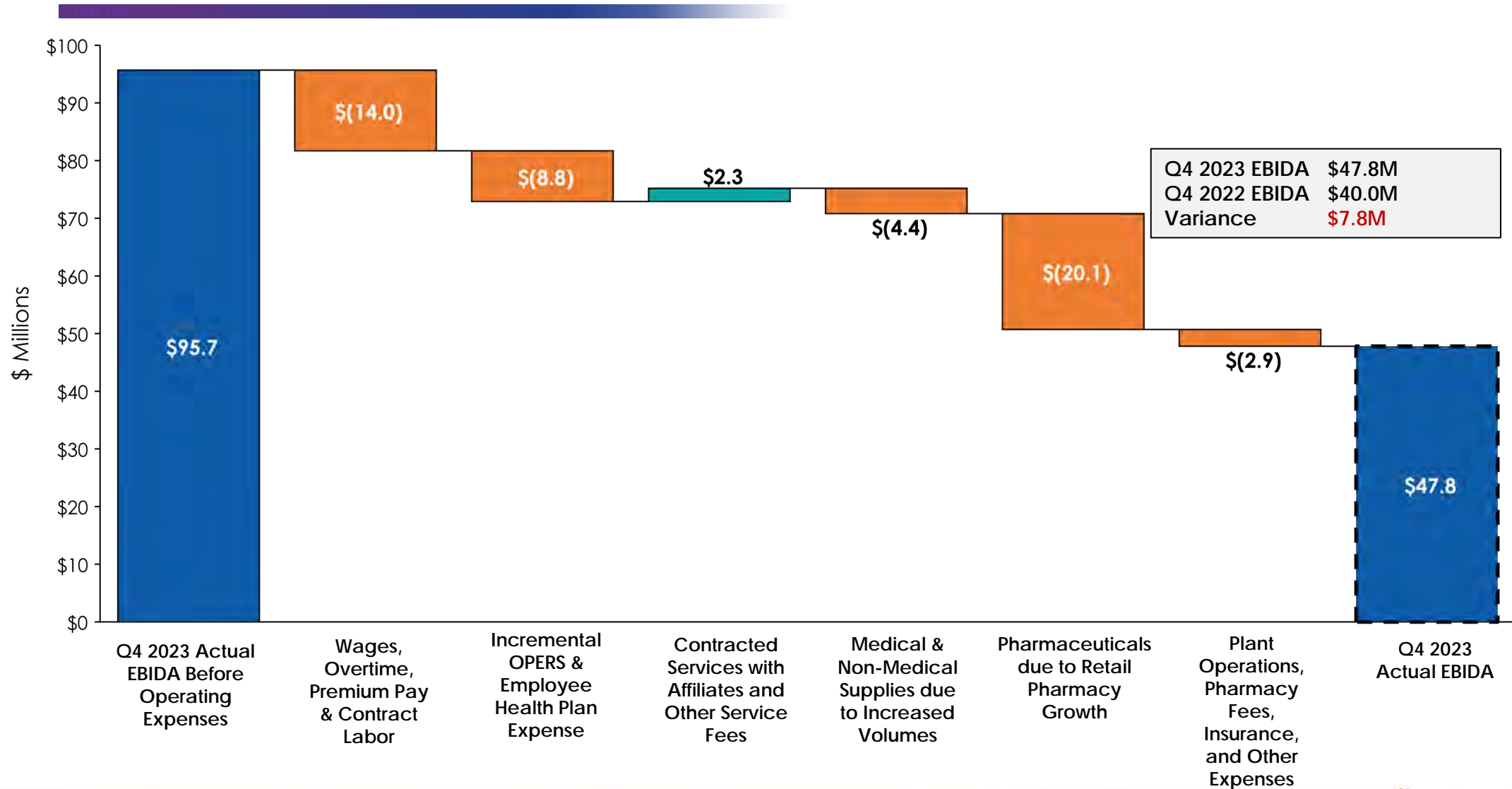
Preliminary & Unaudited Results

Q4 2023 compared to Q4 2022 Financial Results (Represents change/variance from Actual)

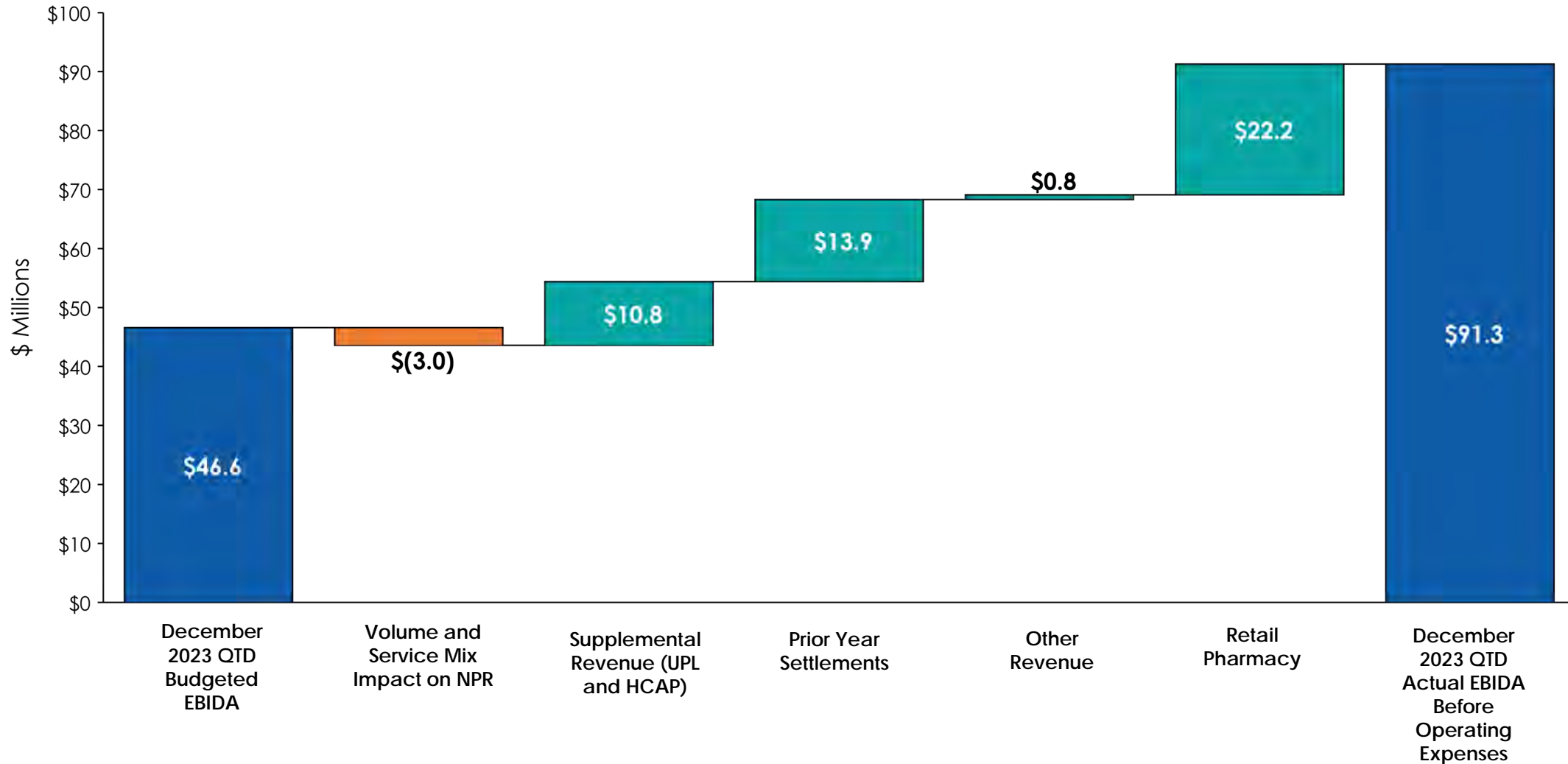


Preliminary & Unaudited Results

Q4 2023 compared to Q4 2022 Financial Results (Represents change/variance from Actual)

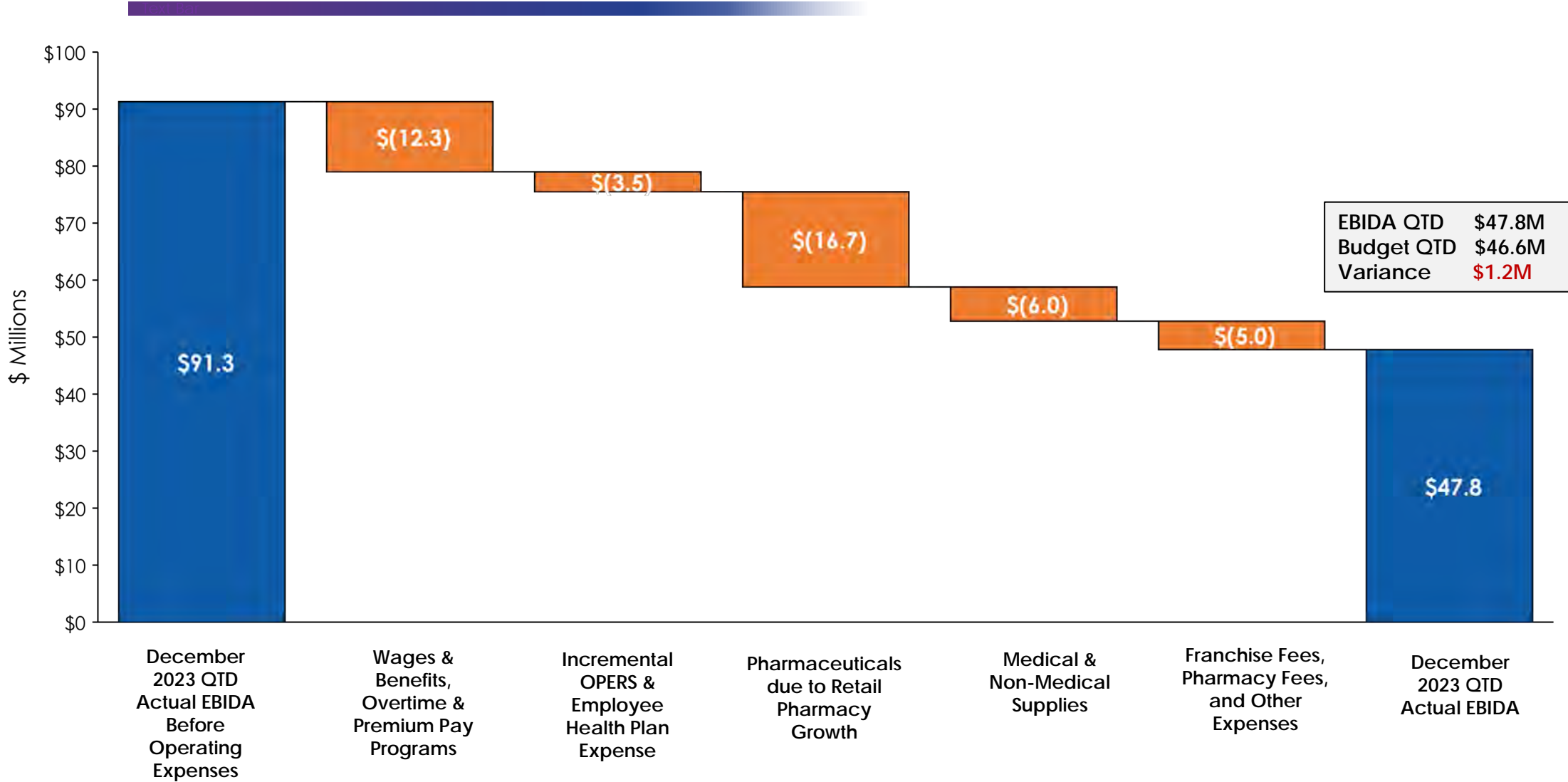


Q4 2023 Financial Results Compared to Budget (Represents change/variance from Budget)

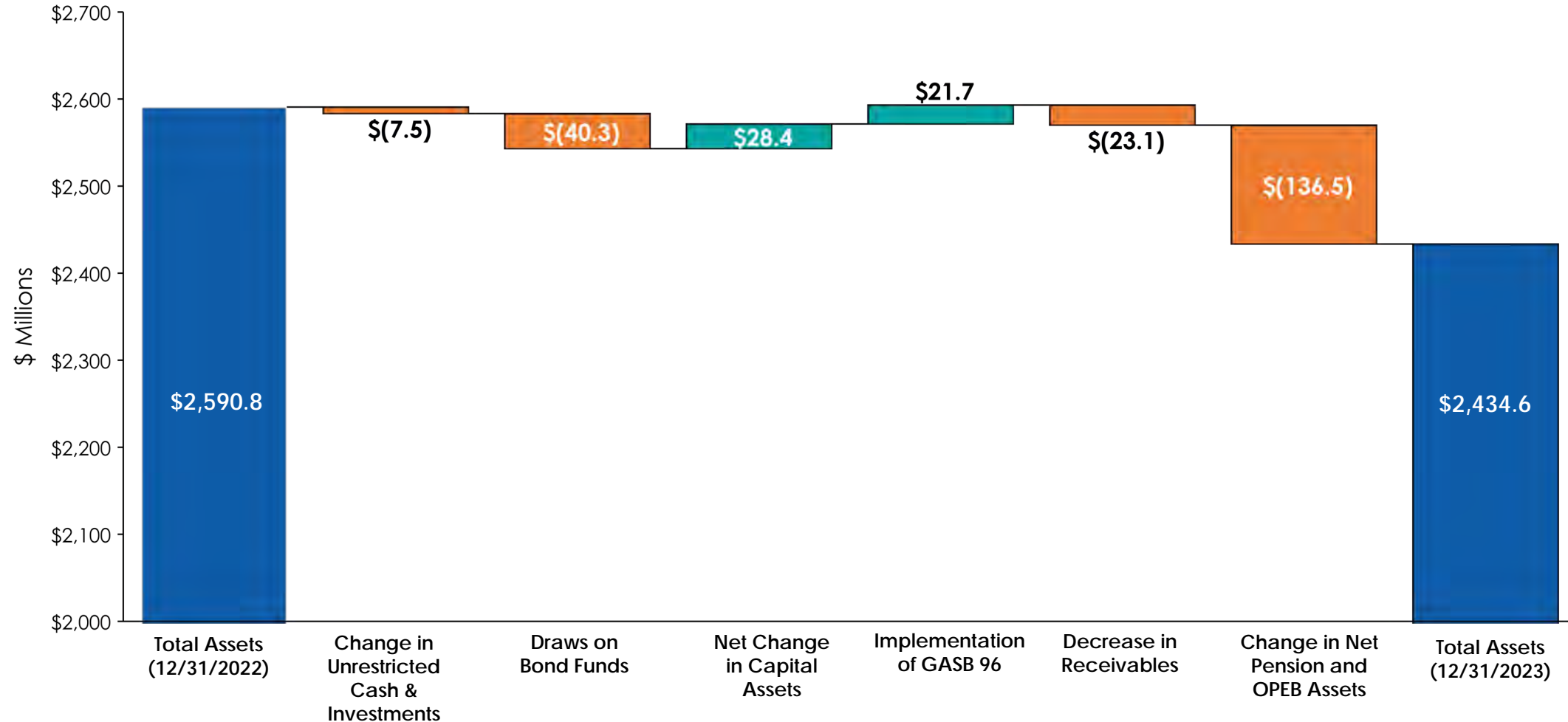


Preliminary & Unaudited Results

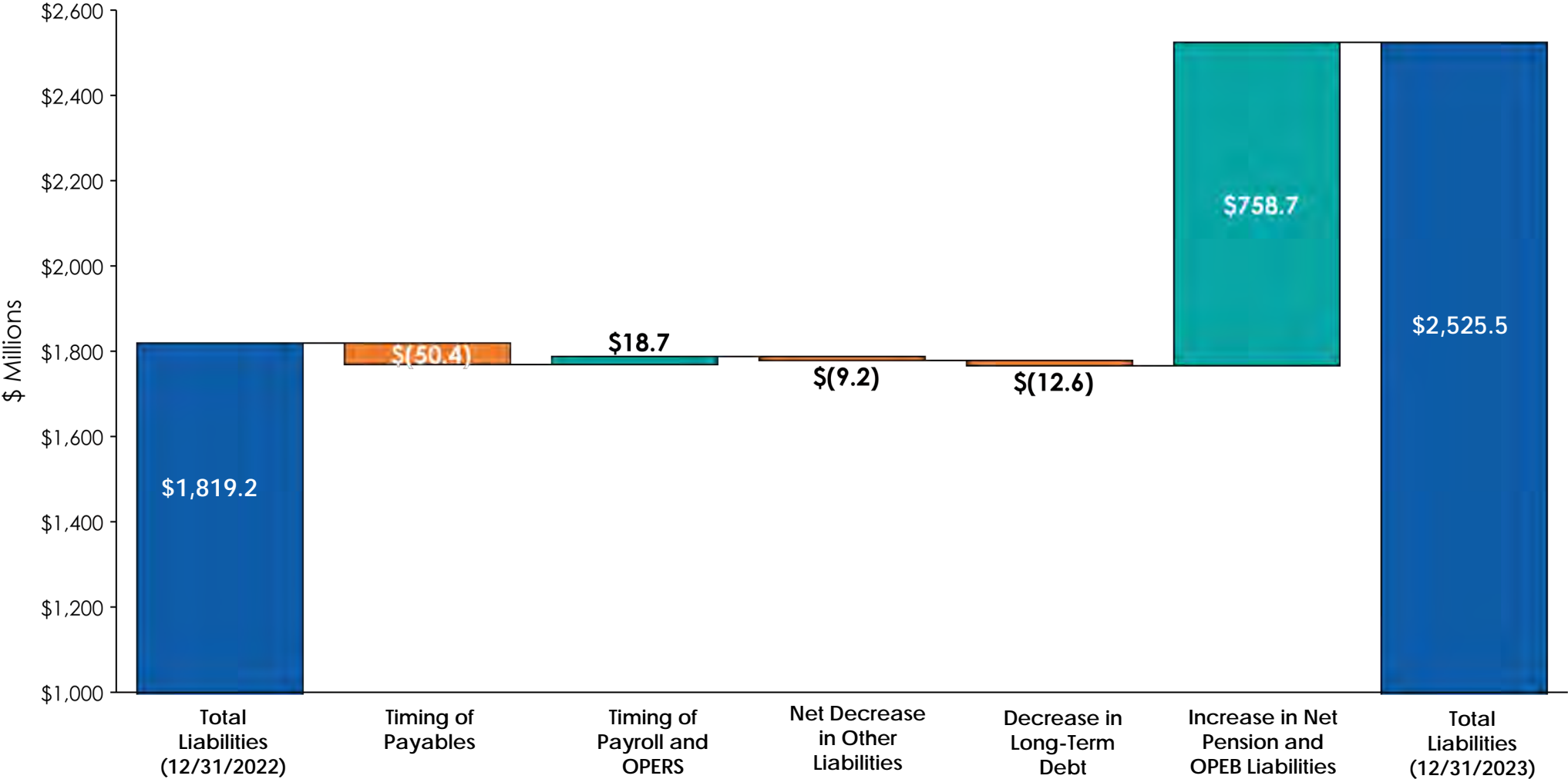
Q4 2023 Financial Results Compared to Budget (Represents change/variance from Budget)



December 31, 2023 Assets compared to December 31, 2022



December 31, 2023 Liabilities compared to December 31, 2022



December 30, 2023 Unrestricted Cash and Investments compared to December 31, 2022

