



**HALIFAX HEALTH**

**Audit & Finance  
Committee**

**Wednesday, March 1, 2017**

**Meeting Location**

Halifax Health

France Tower, Conference Room A

**4:00 p.m.**

# HALIFAX HEALTH AUDIT & FINANCE COMMITTEE

4:00 p.m., Wednesday, March 1, 2017

## REVISED AGENDA

- I. CALL TO ORDER**
- II. MINUTES**  
Audit & Finance Committee Minutes portal page 3, **action requested**  
• February 1, 2017
- III. Deltona Acute Care Hospital Architectural/Engineering Services** portal page 91, **action requested**
- IV. AUDIT COMMITTEE**  
**Corporate Compliance, Shelly Shiflet**  
• Monthly Compliance Dashboard Report portal page 6, **information only**  
**Internal Audit, Bill Rushton**  
• Meaningful Use Stage 2 – 2016 Modified portal page 8, **action requested**  
**Independent Audit Engagement Letters, Lisa Tyler** portal page 9, **action requested**
- V. FINANCE COMMITTEE**  
**Financial Report, Eric Peburn**  
• January 2017 portal page 21, **action requested**  
**Acquisitions, Leases and Disposals, Kent Bailey**  
• Capital Investment Strategy portal page 46, **information only**  
• Capital Expenditures \$50,000 and over portal page 50, **action requested**  
• Replacement of Air Handling Units #1, #3, #4, and #5 and Emergency Resolution \$1,643,356  
• Ophthalmology Microscope with Lens & Digital Recorder \$130,000  
• HVAC Units Southeast Volusia Care Center \$83,128  
• Minimally Invasive Valve Replacement Instrumentation & Video System \$73,010  
• Disposals portal page 59, **action requested**  
• Comparison of Projected and Actual Financial Results for Significant Projects none  
**Old Business**  
• Meeting Request Tracker/Checklist portal page 60, **information only**  
• Summary Report, Timeline and List of Controls, Physician Contracts and Payments  
• Revised Meeting Calendar, 2017 portal page 64, **information only**  
**New Business**  
• Proposed Revisions to Halifax Health Care at Home Governance portal page 65, **information only**  
**Information Only**  
• Discharged Based -Average Length of Stay and Case Mix Index portal page 75, **information only**  
• Investment Performance Report, January 2017 portal page 76, **information only**  
• Capital Expenditures \$25,000 - \$50,000 portal page 81, **information only**  
• Surgical Bed for Labor and Delivery \$41,348  
• Defibrillators for IMC and CIC \$33,458  
• Glass Partition for Registration \$25,000  
• Corepoint Web Services License \$25,000  
• Operating Lease \$50,000 - \$250,000 portal page 90, **information only**  
• Lease of Server Hardware \$6,883.62 (monthly)
- VI. OPEN DISCUSSION**
- VII. NEXT MEETING** MONDAY, March 27, 2017, 4:00 p.m. – Investment Committee Meeting  
WEDNESDAY, April 26, 2017, 4:00 p.m. – Regular scheduled meeting
- VIII. EXECUTIVE SESSION**
- VIII. ADJOURN**

Halifax Hospital Medical Center  
Audit and Finance Committee Meeting  
303 N. Clyde Morris Blvd.  
France Tower, Conference Room A  
Wednesday, February 1, 2017

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Present: Ted Serbousek, Chairman  
Daniel Francati, Member & Vice Chairman, Board of Commissioners  
Greg Motto, Member  
Susan Schandel, Member & Treasurer, Board of Commissioners  
Decker Youngman, Member

Via Phone: Ammar Hemaïdan, MD, Member & Member, Medical Staff

Also Present: Jeff Feasel, President & CEO  
Eric Peburn, Executive VP/Chief Financial Officer  
Kent Bailey, Director of Finance  
Lisa Tyler, Corporate Controller  
Bill Rushton, Director, Internal Audit  
Shelly Shiflet, Chief Compliance Officer  
Mark Billings, Executive VP/Chief Operating Officer  
Alberto Tineo, Vice President, Operations  
Tom Stafford, Vice President and Chief Information Officer  
Mary Jo Allen, Executive Director, Halifax Health Hospice  
Tony Trovato, Director of Business Operations, Halifax Health Hospice  
Ben Eby, Director of Finance, Halifax Health Hospice  
Bob Wade, Compliance Expert  
Jill Wheelock, Associate General Counsel  
David Robbins, Physician Contracts Manager  
Arvin Lewis, Senior VP/Chief Revenue Officer

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The meeting was called to order at 4:05 p.m. by Ted Serbousek. Attendance was recorded.

## MINUTES

Discussion: Minutes from the January 4, 2017 Audit & Finance Committee Meeting were reviewed.

Action: Mr. Youngman moved to approve the minutes as presented and recommends approval by the Halifax Health Board of Commissioners. Mr. Motto seconded the motion and it carried unanimously.

## AUDIT COMMITTEE

### Corporate Compliance

Discussion: Monthly Compliance Program Update Dashboard  
Ms. Shiflet presented the Compliance Dashboard for the month ended December 2016, referencing no issues. Ms. Shiflet updated the Committee on the resolution of the VHN claims issue. Mr. Peburn stated he would be bringing the memo regarding physician payment and contract controls to the next Committee meeting. Ms. Shiflet also reported the third year of the Corporate Integrity Agreement will end on March 9, 2017.

Action: None required.

### Internal Audit

Discussion: Mr. Rushton, Mr. Peburn and Ms. Shiflet discussed the need to have the Health Call Network audited in FY 17.

Action: A motion to approve adding an audit of the Health Call Network was requested. Mr. Motto moved to approve that Internal Audit Service review the Health Call Agreement.

Mr. Francati seconded the motion which carried unanimously.

Discussion: Mr. Feasel inquired about background checks for nursing students and instructors and what steps are taken to compare them to the Term Do Not Rehire file. Mr. Rushton stated instructors are compared to the files, but was not sure about students.

Action: Mr. Rushton will research the process with Human Resources and get back with the committee.

## **FINANCE COMMITTEE**

### **FINANCIAL REPORT**

Discussion: Mr. Peburn reviewed the December 2016 Financial Report, also reporting on the financial indicators excluding the estimated hurricane costs (\$1.8 million). Mr. Billings provided an update regarding length of stay, both operationally and strategically. Brief discussion ensued.

Action: Ms. Schandel moved to approve the December 2016 Financial Report and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

### **ACQUISITIONS, LEASES & DISPOSALS**

Discussion: Capital Investment Strategy  
Mr. Bailey presented the Capital Investment Strategy monthly update.

Action: None required.

Discussion: Capital Expenditures \$50,000 and over

• <i>Neurosurgical and Small Bone Power Equipment</i>	\$652,141
• <i>SAN Hardware</i>	\$477,180
• <i>Network Switches for Patient Monitoring</i>	\$140,503
• <i>Plasma Pheresis Equipment</i>	\$121,506
• <i>Mini C-Arm</i>	\$71,698

Action: Ms. Schandel moved to approve the capital expenditures and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Disposals

Action: Ms. Schandel moved to approve the disposals and recommends approval by the Board of Commissioners. Mr. Youngman seconded the motion and it carried unanimously.

Discussion: Comparison of Projected and Actual Financial Results for Significant Projects  
(none)

Action: None required.

### **OLD BUSINESS**

Discussion: Meeting Request Tracker/Checklist

Action: The request tracker/checklist will be corrected to reflect that a summary report, timeline and list of controls related to physician contracts and payments will be brought back to the March 1, 2017 meeting. No other action required at this time.

### **NEW BUSINESS**

Discussion: Revised Proposed Meeting Calendar, 2017  
Mr. Peburn reported that the Halifax Health Board of Commissioners will be modifying its monthly meetings so regular meetings are held bi-monthly with strategic and educational meetings in between. Discussion ensued regarding the Audit & Finance Committees and Investment Committee meetings schedule. A revised proposed meeting

schedule was incorporated in the meeting materials.

Action: Ms. Schandel moved to approve an amended schedule so the Finance Committee meets the Wednesday prior to the Board of Commissioners bi-monthly meeting scheduled, ensuring there are five more meetings of the Finance Committee in 2017. The Investment Committee schedule would remain the same as previously published. An audit report update would be provided at least quarterly. Financial statements would be produced and shared to the committee members each month regardless of whether there is a meeting. Mr. Motto seconded the motion and it carried unanimously. A revised calendar will be forwarded.

#### **INFORMATIONAL REPORTS**

Discussion: The Investment Performance Report for December 2016, the Capital Expenditures, \$25,000 - \$50,000 and the Schedule of Uses of Property Taxes for December 2016 were presented under Information Only. The Capital Expenditures \$25,000 - \$50,000 were as follows:

- *CBORD Room Service Software* \$44,219
- *Lymph Node Navigator System – Surgical Services* \$31,500

Action: None required.

#### **OPEN DISCUSSION**

Discussion: None.

**NEXT MEETING DATE: WEDNESDAY, March 1, 2017 4:00 p.m. – Regular scheduled meeting**

#### **EXECUTIVE SESSION**

Discussion: None.

#### **ADJOURNMENT**

Action: There being no further business, a motion was made and seconded to adjourn.

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Ted Serbousek, Chairman



# HALIFAX HEALTH

To: Audit and Finance Committee and Board of Commissioners  
Cc: Jeff Feasel, Chief Executive Officer  
From: Shelly Shiflet, Vice President and Chief Compliance Officer  
Date: February 20, 2017  
Re: Compliance Dashboard Report for January 2017

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Enclosed is the Compliance Program Dashboard Report for January 2017.

Feel free to contact the Board's Compliance Expert, Robert Wade, Esq., or me regarding any questions on this report.

Mr. Wade can be reached at: [rwade@kdlegal.com](mailto:rwade@kdlegal.com)  
Office: 574.485.2002

I can be reached at: [shelly.shiflet@halifax.org](mailto:shelly.shiflet@halifax.org)  
Office: 386.425.4970

**Recommended Action:** None. Information only.

**Halifax Health**  
**Corporate Compliance Program**  
**Board Report – 1/31/2017**

**ON TARGET**

**ALERT**

**I. EMPLOYEE AND BOARD EDUCATION** – Halifax Health’s compliance program and Corporate Integrity Agreement requires most employees to acknowledge the Code of Conduct within 30 days of hire. Employees who are considered “Covered Persons” are required to complete 1 hour of general compliance training within 30 days of hire and annually thereafter. Managers and others who are considered “Arrangements Covered Persons” must complete an additional hour of general education and 2 hours of arrangements training within 30 days of becoming an “Arrangements Covered Person,” and annually thereafter. Members of the Board are required to complete 6 hours (2 hours general, 2 hours arrangements, and 2 hours governance) of training within 30 days of becoming a member. The following is the status of education for Halifax Health’s employees:

	➤	<b>Code of Conduct Attestation<sup>1</sup></b>
	1. 4,061	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

	➤	<b>CIA Required Training<sup>2</sup></b>
	1. 3,900	Number of Covered Persons and Board Members required to complete as of end of period
	2. 100%	% of Covered Persons who have completed (On Target at 100%)

**II. SANCTION CHECKS** - Halifax Health’s Corporate Integrity Agreement requires all “Covered Persons” be screened for exclusions from participation in federal programs monthly. During the period:

	➤	<b>Sanction Check for Covered Persons<sup>3</sup></b>
	1. 4,790	Number of Covered Persons as of the end of the period
	2. 100%	% of Covered Persons above who had no sanctions, based on monthly sanction check results (On Target at 100%)

**III. COMPLIANCE COMMITTEE** – Halifax Health has a Compliance Committee responsible for regulatory compliance matters, which meets monthly. Members of senior leadership across service lines as well as representatives from Hospice and the Medical Staff are represented. During the period:

	1. 13	Number of members on <i>Compliance Committee</i>
	2. 100%	% of members who attended the meeting on 1/4/2017 (On Target at 70% or Greater)
	3. 3	Number of meetings in the last quarter (On Target if 2 or more)

**IV. HELP LINE** [844-251-1880] or [halifaxhealth.ethicspoint.com](http://halifaxhealth.ethicspoint.com)

	1. 4 / 62	Number of Help Line calls received during month/past 12 months
	2. 2 / 44	Of calls in 1, how many related to Human Resource issues
	3. 0	Number of open Help Line calls rated as High Priority as of 12/31/2016
	4. 0	Number of open Help Line calls rated as High Priority as of 1/31/2017
	5. 4	Number of Help Line calls closed since last month

**V. COMPLIANCE ISSUES**

	1. 22	Number of issues open as of 12/31/2016
	2. 13	Of the issues in item 1, ___ remain open as of 1/31/2017
	3. 9	Number of issues from item 1 closed as of 1/31/2017
	4. 41%	Percent of open issues from item 1 closed (On Target at 25% or Greater)

**VI. COMPLIANCE POLICIES** – Halifax Health’s Compliance Program involves the development, implementation and monitoring of policies to ensure the organization conducts business compliant with applicable statutes, rules and regulations. During the period:

	1. 1	Number of Compliance Policies reviewed/ updated in the last month (On Target at 1)
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**VII. BILLING AND CODING REVIEWS** - Halifax Health will conduct reviews as part of scheduled audits or to investigate concerns brought to the attention of the Compliance Committee or the Compliance Officer.

	1. 1	Number of concerns related to billing/coding received during the month
	2. 1	Number of concerns from #1 that required a billing/ coding review
	3. 1	Number of reviews from #1 still being investigated
	4. 0	Number of reviews from #1 closed or pending Committee review
	5. 0	Number of reviews from #1 expected to require repayment/processing of claims

<sup>1</sup> Code of Conduct Attestation – employees and vendors who meet the definition of a *Covered Person* and new Board Members.

<sup>2</sup> CIA Required Training – employees (except for housekeeping, maintenance and foodservice employees), Medical Staff who are party to a *Focus Arrangement* and vendors who meet the definition of a *Covered Person* and new Board Members.

<sup>3</sup> Sanction Check for Covered Persons - employees, Medical Staff and vendors who meet the definition of a *Covered Person*.

# Results: FY 17 Audit Projects

Audit Source	Project Name	Status
Year End Audit	At the direction of RSM Internal Audit provided assistance	Completed
Internal Audit	Pharmacy Controls Audit	Fieldwork
Co-Source	Executive Compensation and Expenses	Fieldwork
Internal Audit	Halifax Call Network	Planning
Internal Audit	Meaningful Use Stage 2 – 2016 Modified	<b><i>Request Audit &amp; Finance Committee Approval</i></b>



March 1, 2017

Audit Committee  
Halifax Health  
303 N. Clyde Morris Blvd.  
Daytona Beach, FL 32114

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Attention: Mr. Ted Serbousek

### **The Objective and Scope of the Audit of the Financial Statements**

You have requested that we audit the basic financial statements of Halifax Hospital Medical Center d/b/a Halifax Health, which include its blended component units of East Volusia Health Services, Inc., Halifax Healthcare Systems, Inc., HH Holdings, Inc., Halifax Healthy Families Corporation, Halifax Staffing Inc., Patient Business & Financial Services, Inc., Halifax Hospice, Inc., Halifax Medical Center Foundation, Inc., Halifax Management System, Inc., and Volusia Health Ventures, Inc.

You have also requested that we audit the stand-alone financial statements of Halifax Hospice, Inc. Halifax Health and Halifax Hospice, Inc. are herein collectively referred to as "Halifax".

The financial statements for Halifax are comprised of the statements of net position as of September 30, 2017, and the related statements of revenue, expenses and changes in net position, and cash flows for the year then ended, related notes to the financial statements, required supplementary information and additional information. We will not audit the financial statements of Halifax Pension Plan. That financial statement will be audited by component auditors.

You have informed us that you also desire us to issue a report on the financial statements of Halifax as of and for the year ending September 30, 2017 conforming only to the requirements of auditing standards generally accepted in the United States of America. This reporting will not be used for purposes to comply with a requirement calling for an audit in accordance with *Government Auditing Standards*.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

Our audit will be conducted with the objective of our expressing an opinion on the financial statements described above.

You have informed us that Halifax has made expenditures of less than \$750,000 of monies received from any federal award programs. This consideration included the use of all federal funds whether received directly from a federal department or agency or as a secondary recipient from any other source, received either directly or indirectly as commodities or other tangible or intangible property from a federal award program, or participated in or received any benefits from any federal loan, loan guarantee or insurance program during the audit period requiring any federal program compliance auditing.

**THE POWER OF BEING UNDERSTOOD**  
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### **The Responsibilities of the Auditor**

We will conduct our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audits, where applicable, will also be conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS. Also, an audit is not designed to detect errors or instances of fraud that are immaterial to the financial statements. The determination of abuse is subjective; therefore *Government Auditing Standards* do not expect us to provide reasonable assurance of detecting abuse.

In making our risk assessments, we consider internal control relevant to Halifax's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audits of the financial statements that we have identified during the audits.

We will also communicate to the Audit Committee (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audits, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audits (unless they are clearly inconsequential).

Our report(s) on internal control will include any significant deficiencies and material weaknesses in controls of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control consistent with requirements of the standards and circulars identified above. Our report(s) on compliance matters will address material errors, fraud, abuse, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts, and any state or federal grant, entitlement, or loan program questioned costs of which we become aware, consistent with requirements of the standards and circulars identified above.

### **The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework**

Our audits will be conducted on the basis that management and when appropriate, those charged with governance, acknowledge and understand that they have responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America;
2. To evaluate subsequent events through the date the financial statements are issued or available to be issued and to disclose through which subsequent events were evaluated in the financial statements. Management also agrees that they will not evaluate subsequent events earlier than the date of the management representation letter referred to below;
3. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; and
4. For establishing and maintaining effective internal control over financial reporting, and for informing us of all significant deficiencies and material weaknesses in the design or operation of such controls of which it has knowledge;
5. For report distribution; and
6. To provide us with:
  - a) Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b) Additional information that we may request from management for the purpose of the audits; and
  - c) Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management and when appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audits including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for identifying and ensuring that Halifax complies with the laws and regulations applicable to its activities, and for informing us about all known material violations of such laws or regulations. In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements or compliance. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators or others.

Management is responsible for the preparation of the required supplementary information (RSI) and supplementary information presented in relation to the financial statements as a whole in accordance with. Management agrees to include the auditor's report on the RSI and supplementary information in any document that contains the supplementary information and that indicates that the auditor has reported on such RSI and supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.

The Audit Committee is responsible for informing us of its views about the risks of fraud or abuse within the entity, and its knowledge of any fraud or abuse or suspected fraud or abuse affecting the entity.

Our association with an official statement is a matter for which separate arrangements will be necessary. Halifax agrees to provide us with printer's proofs or masters of such offering documents for our review and approval before printing and with a copy of the final reproduced material for our approval before it is distributed. In the event our auditor/client relationship has been terminated when Halifax seeks such consent, we will be under no obligation to grant such consent or approval.

Halifax agrees that it will not associate us with any public or private securities offering without first obtaining our consent. Therefore, Halifax agrees to contact us before it includes our reports or otherwise makes reference to us, in any public or private securities offering.

We agree that our association with any proposed offering is not necessary, providing the Halifax agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. Halifax agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

RSM US LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. RSM US LLP also has not performed any procedures relating to this official statement.

Because RSM US LLP will rely on Halifax and its management and Audit Committee to discharge the foregoing responsibilities, Halifax holds harmless and releases RSM US LLP, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of Halifax's management which has caused, in any respect, RSM US LLP's breach of contract or negligence. This provision shall survive the termination of this arrangement for services.

### **Halifax's Records and Assistance**

If circumstances arise relating to the condition of your records, the availability of appropriate audit evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets which in our professional judgment prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in Halifax's books and records. Halifax will determine that all such data, if necessary, will be so reflected. Accordingly, Halifax will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by Halifax personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Lisa Tyler, Corporate Controller. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

In connection with our audits, at the request of management, we may perform certain non-audit services necessary for the preparation of the financial statements, including proposing trial balance adjustments, if necessary, and assistance with the preparation of the financial statements based on information contained in the books and records of Halifax. The independence standards of the *Government Auditing Standards* issued by the Comptroller General of the United States GAS require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to Halifax, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit service to be performed. Halifax has agreed that Lisa Tyler, Corporate Controller, possesses suitable skill, knowledge, or experience and that she understands the non-audit services identified above that are to be performed sufficiently to oversee them. Accordingly, the management of Halifax agrees to the following:

1. Halifax has designated Lisa Tyler, Corporate Controller, a senior member of management, who possesses suitable skill, knowledge, and experience to oversee the services.
2. Lisa Tyler, Corporate Controller, will assume all management responsibilities for subject matter and scope of the non-audit services identified above.
3. Halifax will evaluate the adequacy and results of the services performed.
4. Halifax accepts responsibility for the results and ultimate use of the services.

GAS further requires we establish an understanding with the management and those charged with governance of Halifax of the objectives of the non-audit service, the services to be performed, the entity's acceptance of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit service. We believe this letter documents that understanding.

### **Other Relevant Information**

RSM US LLP may mention Halifax Health's name and provide a general description of the engagement in RSM US LLP's client lists and marketing materials.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may utilize financial information you have provided to us in connection with this engagement for purposes of creating benchmarking data to be used by RSM US LLP professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

In accordance with *Government Auditing Standards*, a copy of our most recent peer review report has been included as an attachment to this letter.

### **Fees, Costs and Access to Workpapers**

Our fees for the services described above are based upon the time required by the individuals assigned to the engagement, plus direct expenses. We estimate our fees for the audit services described above will not exceed \$197,000 which is comprised of the following:

• Halifax Hospital Medical Center	\$ 143,000
• Halifax Hospice, Inc.	\$ 32,500
• Halifax Hospital Medical Center State of Florida Compliance audit	\$ 6,500
• Direct expenses (not to exceed)	\$ 15,000

Our fee estimate and completion of our work is based upon the following criteria:

- Anticipated cooperation from Company personnel
- Timely responses to our inquiries
- Timely completion and delivery of client assistance requests
- Timely communication of all significant accounting and financial reporting matters
- The assumption that unexpected circumstances, including but not limited to acquisitions, mergers, affiliations, and assistance required to implement new accounting standards, will not be encountered during the engagement

If any of the aforementioned criteria are not met, then fees may increase. Interim billings will be submitted as work progresses and as expenses are incurred. Billings are due upon submission.

Our professional standards require that we perform certain additional procedures, on current and previous years' engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client. Accordingly, Halifax agrees it will compensate RSM US LLP for any additional costs incurred as a result of Halifax's employment of a partner or professional employee of RSM US LLP.

In the event we are requested or authorized by Halifax or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for Halifax, Halifax will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

RSM US agrees to maintain insurance coverage as required by law and as necessary to adequately protect the Firm from risks associated with providing services under this agreement.

The documentation for this engagement is the property of RSM US LLP. However, you acknowledge and grant your assent that representatives of the cognizant or oversight agency or their designee, other government audit staffs, and the U.S. Government Accountability Office shall have access to the audit documentation upon their request; and that we shall maintain the audit documentation for a period of at least three years after the date of the report, or for a longer period if we are requested to do so by the cognizant or oversight agency. Access to requested documentation will be provided under the supervision of RSM US LLP audit personnel and at a location designated by our Firm.

The working papers for this engagement are the property of RSM US LLP and constitute confidential information. However, as required by Public Law 96-0499 e952, we are required to make certain workpapers, and certain books, documents, and records of our office, available to the Secretary of Health and Human Services or the Comptroller General upon request for their regulatory oversight purposes. Access to the requested workpapers will be provided to the Secretary of Health and Human Services or the Comptroller General under the supervision of RSM US LLP audit personnel and at a location designated by our Firm.

#### **Claim Resolution**

Halifax and RSM US LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the audit report issued by RSM US LLP or the date of this arrangement letter if no report has been issued. Halifax waives any claim for punitive damages.

If any term or provision of this Agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

#### **Reporting**

We will issue a written report upon completion of our audit of Halifax's financial statements. Our report will be addressed to the Board of Commissioners of Halifax. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

We will also issue a report as to whether anything came to our attention in relation to Halifax's compliance with terms, covenants, provisions or conditions of Article III, Section 3.07 contained in the Master Trust Indenture dated June 1, 2006, and Sections 12(c), 12(d), and 12(aa) contained in the Second Supplemental Indenture for Obligation No. 2 and No. 3 dated June 1, 2006 or the terms, covenants, provisions or conditions of the following: the First Amendment to the Second Supplemental Indenture for Obligations No. 2 and No. 3 dated December 1, 2014; Third Supplemental Indenture for Obligation No. 4, dated June 1, 2006; Fourth Supplemental Indenture for Obligation No. 5 dated April 21, 2008; Fifth Supplemental Indenture for Obligations No. 6 and No. 7 dated September 1, 2008; Sixth Supplemental Indenture for Obligation No. 8 dated November 1, 2010 ; Seventh Supplemental Indenture for Obligation No. 9 dated April 1, 2015; or Eighth Supplemental Indenture for Obligation No. 10 and First Amendment to Master Indenture dated as of March 1, 2016, by and between Wells Fargo Bank, National Association and Halifax Health.

This letter and the Business Associate Agreement dated June 12, 2013, which remains in full force and effect, constitute the complete and exclusive statement of agreement between RSM US LLP and Halifax, superseding all proposals, oral or written, and all other communications, with respect to the terms of the engagement between the parties.

Please sign and return the attached copy of this letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements including our respective responsibilities.

RSM US LLP



Ryan J. Weber, Partner

Confirmed on behalf of Halifax Health:

\_\_\_\_\_  
Audit Committee Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Date

## System Review Report

To the Partners of  
RSM US LLP  
and the National Peer Review Committee  
of the American Institute of Certified  
Public Accountants Peer Review Board

We have reviewed the system of quality control for the accounting and auditing practice of RSM US LLP (the "firm") applicable to engagements not subject to PCAOB permanent inspection in effect for the year ended April 30, 2016. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards*, audits of employee benefit plans, audits performed under FDICIA, and audits of carrying broker-dealers, and examinations of service organizations [Service Organizations Control (SOC) 1 and 2 engagements].

In our opinion, the system of quality control for the accounting and auditing practice of RSM US LLP applicable to non-SEC issuers in effect for the year ended April 30, 2016, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. RSM US LLP has received a peer review rating of *pass*.

*BKD, LLP*

December 2, 2016



March 1, 2017

Audit Committee  
Halifax Health  
303 North Clyde Morris Blvd.  
Daytona Beach, FL 32114

**RSM US LLP**

201 North Harrison Street  
Suite 300  
Davenport, IA 52801-1999  
O +1 563 888 4000  
F +1 563 324 6939  
[www.rsmus.com](http://www.rsmus.com)

This letter is to explain our understanding of the arrangements regarding our engagement to examine the Halifax Hospital Medical Center's d/b/a Halifax Health (Halifax) compliance with Sections 218.415 Florida Statutes ("F.S."), regarding the investment of public funds for the year ended September 30, 2017. We ask that you confirm this understanding.

### **Engagement Services**

We will examine Halifax's compliance with Section 218.415 F.S. in accordance with attestation standards established by the American Institute of Certified Public Accountants. Our report will detail the nature of reservations, if any, we have with respect to Halifax's compliance with Section 218.415 F.S. Should we have any reservations, we will discuss them with you prior to issuing our report.

The services that we will perform are not designed and cannot be relied upon to disclose errors, fraud or illegal acts, should any exist. However, we will inform the appropriate level of management of any material errors that come to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential.

Furthermore, the services were not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, we will communicate to management and the Commissioner of the Board any significant deficiencies or material weaknesses that become known to us during the course of the engagement.

### **Halifax's Responsibilities**

Management is responsible for (a) identifying applicable compliance requirements, (b) establishing and maintaining effective internal control over compliance with Section 218.415 F.S. (c) evaluating and monitoring Halifax's compliance with Section 218.415 F.S. and providing us with a written assertion thereon, (d) specifying reports that satisfy legal, regulatory, or contractual requirements, and (e) making all records and related information available to us. Our responsibility is to express an opinion concerning Halifax's compliance with Section 218.415 F.S.

In addition, management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the entity involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, analysts, regulators, or others.

At the conclusion of our engagement, we will request certain written representations from management about Halifax's compliance with Section 218.415 F.S. and matters related thereto.

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

Because RSM US LLP will rely on Halifax, and its management and those charged with governance to discharge the foregoing responsibilities, Halifax holds harmless and releases RSM US LLP, its partners, and employees from all claims, liabilities, losses, and costs arising in circumstances where there has been a knowing misrepresentation by a member of Halifax's management that has caused, in any respect, RSM US LLP's breach of contract or negligence. This provision will survive termination of this arrangement for services.

#### **Halifax's Records and Assistance**

The attestation standards require that we perform our examination engagement on Halifax's compliance with Section 218.415 F.S. only if we have reason to believe that the compliance with Sections 218.415 F.S. are capable of evaluation against criteria that are suitable and available to users.

If circumstances arise relating to the condition of Halifax's records, the availability of appropriate evidence, or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting, or misappropriation of assets, which in our professional judgment prevent us from completing the engagement or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express an opinion or issue a report, or withdrawal from the engagement.

During the course of our engagement, we may accumulate records containing data that should be reflected in Halifax's books and records. Halifax will determine that all such data, if necessary, will be so reflected. Accordingly, Halifax will not expect us to maintain copies of such records in our possession.

The assistance to be supplied Halifax personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Lisa Tyler, Corporate Controller. The timely and accurate completion of this work is an essential condition to our completion of our services and issuance of our report.

#### **Fees, Costs and Access to Documentation**

Our fees for the services described above are based on the time required by the individuals assigned to the engagement, plus direct expenses, and are estimated to be \$3,000. We will submit our bill for services promptly upon rendering the report. Billings are due upon submission.

In the event we are requested or authorized by Halifax or are required by government regulation, subpoena, or other legal process to produce our documents or our personnel as witnesses with respect to our engagements for Halifax, Halifax will, so long as we are not a party to the proceeding in which the information is sought, reimburse us for our professional time and expenses, as well as the fees and expenses of our counsel, incurred in responding to such requests.

From time to time and depending upon the circumstances, we may use third-party service providers to assist us in providing professional services to you. In such circumstances, it may be necessary for us to disclose confidential client information to them. We enter into confidentiality agreements with all third-party service providers, and we are satisfied that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In addition, we may provide financial information you have provided to us for purposes of creating benchmarking data to be used by RSM US LLP professionals and other clients. This benchmarking data is aggregated with data from a minimum of five other entities so that users of the data are unable to associate the data with any single entity in the database.

### **Claim Resolution**

Halifax and RSM US LLP agree that no claim arising out of services rendered pursuant to this agreement shall be filed more than two years after the date of the examination report issued by RSM US LLP or the date of this arrangement letter if no report has been issued. Halifax waives any claim for punitive damages.

If any term or provision of this agreement is determined to be invalid or unenforceable, such term or provision will be deemed stricken, and all other terms and provisions will remain in full force and effect.

### **Reporting**

We will issue a written report upon completion of our examination of compliance with Section 218.415 F.S. regarding the investment of public funds in relation to established or stated criteria. Our report will be addressed to the Commissioners of the Board. We cannot guarantee that positive assurance on compliance with Section 218.415 F.S. will be expressed. Circumstances may arise in which it is necessary for us to modify our opinion, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

This letter constitutes the complete and exclusive statement of agreement between RSM US LLP and Halifax, oral or written, and all other communications, with respect to the terms of the examination engagement between the parties regarding Halifax's compliance with Section 218.415, F.S.

If this letter defines the arrangements as Halifax understands them, please sign and date the enclosed copy and return it to us. We appreciate your business.

RSM US LLP



Ryan J. Weber, Partner

Confirmed on behalf of Halifax:

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\_\_\_\_\_, 20 \_\_\_\_

**Halifax Health**  
**Summary Financial Narrative**  
**For the four months ended January 31, 2017**

The performance of Halifax Health compared to budget and long-range targets (S&P "A" rated medians) for key financial indicators is as follows.

Financial Indicator	YTD Actual FY 17	YTD Budget FY 17	YTD Actual vs. Budget	S&P "A"	YTD Actual FY 17 vs. S&P "A"
Total Margin	0.8%	0.9%	Unfavorable	5.8%	Unfavorable
Operating Margin	-0.2%	-0.2%	Neutral	3.6%	Unfavorable
EBIDA Margin	8.5%	8.5%	Neutral	13.1%	Unfavorable
Operating EBIDA Margin	7.5%	7.6%	Unfavorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin *	6.7%	7.4%	Unfavorable	N/A	N/A
Days Cash on Hand	255	262	Unfavorable	249	Favorable
Cash to Debt	93.6%	98.9%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	56.8%	56.0%	Unfavorable	29.1%	Unfavorable
OG MADS Coverage	1.65	1.81	Unfavorable	4.50	Unfavorable
OG Debt to Capitalization	55.8%	55.0%	Unfavorable	29.1%	Unfavorable

\* - Excludes investment income/loss of Foundation recorded as operating income.

**Halifax Health Medical Center**

*Statistical Summary--*

- Admissions for the month are greater than budget and last year; and for the fiscal year-to-date approximate the budget and are greater than last year.
- Patient days for the month and fiscal year year-to-date are greater than budget and last year.
  - Observation patient days for the month and fiscal year-to-date are greater than budget and last year.
- Surgery volumes for the month are less than budget and greater than last year; and for the fiscal year-to-date are less than budget and last year.
- Emergency room visits for the month are less than budget and greater than last year; and for the fiscal year-to-date are less than budget and last year.

*Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 0.9% greater than budget.
- Total operating expenses for the fiscal year-to-date are 1.1% greater than budget.
- Loss from operations fiscal year-to-date of \$2.8 million compares unfavorably to budget by \$1.3 million.
- Nonoperating gains/(losses) fiscal year-to-date of negative \$900,000, primarily consisting of net investment losses, compare unfavorably to the budgeted amount by \$1.7 million.
- The decrease in net position fiscal year-to-date of \$3.6 million compares unfavorably to budget by \$3.0 million.

**Halifax Health Hospice**

*Statistical Summary --*

- Patient days for the month and fiscal year-to-date are less than budget and last year.

*Financial Summary --*

- Net patient service revenue for the fiscal year-to-date is 6.1% less than budget.
- Income from operations fiscal year-to-date of \$76,000 compares unfavorably to budget by \$61,000.
- Nonoperating gains fiscal year-to-date of \$2.7 million, including investment income of \$2.5 million, is greater than the budgeted amount by \$1.7 million.
- The increase in net position fiscal year-to-date of \$2.8 million compares favorably to budget by \$1.7 million.

**Other Component Units** - The fiscal year-to-date financial performance is consistent with budgeted expectations.

**Halifax Health**  
**Summary Financial Indicators – Excluding Estimated Hurricane Matthew Costs**  
**For the four months ended January 31, 2017**

The performance of Halifax Health compared to budget and long-range targets (S&P “A” rated medians) for key financial indicators, including computations excluding \$1.8 million of estimated Hurricane Matthew related costs, is as follows.

Financial Indicator	YTD Adjusted Actual FY 17 (2)	YTD Budget FY 17	YTD Adj. Actual vs. Budget	S&P "A"	YTD Adj. Actual FY 17 vs. S&P "A"
Total Margin	1.8%	0.9%	Favorable	5.8%	Unfavorable
Operating Margin	0.8%	-0.2%	Favorable	3.6%	Unfavorable
EBIDA Margin	9.5%	8.5%	Favorable	13.1%	Unfavorable
Operating EBIDA Margin	8.5%	7.6%	Favorable	10.8%	Unfavorable
Adjusted Operating EBIDA Margin (1)	7.7%	7.4%	Favorable	N/A	N/A
Days Cash on Hand	259	262	Unfavorable	249	Favorable
Cash to Debt	94.1%	98.9%	Unfavorable	189.9%	Unfavorable
Debt to Capitalization	56.7%	56.0%	Unfavorable	29.1%	Unfavorable
OG MADS Coverage	1.91	1.81	Favorable	4.50	Unfavorable
OG Debt to Capitalization	55.6%	55.0%	Unfavorable	29.1%	Unfavorable

(1) - Excludes investment income/loss of Foundation recorded as operating revenue.

(2) - Financial Indicator computed by excluding estimated Hurricane Matthew related expenses of \$1.8 million.

# Halifax Health Statistical Summary

Month Ended January 31,					Four Months Ended January 31,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>		<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Inpatient Activity</u></b>								
1,612	1,711	1,647	3.9%	HHMC Adult/Ped Admissions	6,334	6,355	6,381	-0.4%
162	158	159	-0.6%	HHMCPO Adult/Ped Admissions	539	564	620	-9.0%
145	147	148	-0.7%	Adult Psych Admissions	554	597	572	4.4%
56	74	51	45.1%	Rehabilitative Admissions	216	260	205	26.8%
<b>1,975</b>	<b>2,090</b>	<b>2,005</b>	<b>4.2%</b>	<b>Total Adult/Ped Admissions</b>	<b>7,643</b>	<b>7,776</b>	<b>7,778</b>	<b>0.0%</b>
8,451	9,036	8,252	9.5%	HHMC Adult/Ped Patient Days	32,870	34,491	31,958	7.9%
588	838	769	9.0%	HHMCPO Adult/Ped Patient Days	1,987	3,189	3,004	6.2%
1,480	1,462	1,493	-2.1%	Adult Psych Patient Days	5,994	5,812	6,047	-3.9%
884	1,073	866	23.9%	Rehabilitative Patient Days	3,454	3,601	3,436	4.8%
<b>11,403</b>	<b>12,409</b>	<b>11,380</b>	<b>9.0%</b>	<b>Total Adult/Ped Patient Days</b>	<b>44,305</b>	<b>47,093</b>	<b>44,445</b>	<b>6.0%</b>
5.2	5.3	5.0	5.4%	HHMC Average Length of Stay	5.2	5.4	5.0	8.4%
3.6	5.3	4.8	9.7%	HHMCPO Average Length of Stay	3.7	5.7	4.8	16.7%
<b>5.1</b>	<b>5.3</b>	<b>5.0</b>	<b>5.8%</b>	<b>HHMC/ HHMCPO Average Length of Stay</b>	<b>5.1</b>	<b>5.4</b>	<b>5.0</b>	<b>9.1%</b>
10.2	9.9	10.1	-1.4%	Adult Psych Average Length of Stay	10.8	9.7	10.6	-7.9%
15.8	14.5	17.0	-14.6%	Rehabilitative Length of Stay	16.0	13.9	16.8	-17.4%
<b>5.8</b>	<b>5.9</b>	<b>5.7</b>	<b>4.6%</b>	<b>Total Average Length of Stay</b>	<b>5.8</b>	<b>6.1</b>	<b>5.7</b>	<b>6.0%</b>
<b>368</b>	<b>400</b>	<b>367</b>	<b>9.0%</b>	<b>Total Average Daily Census</b>	<b>360</b>	<b>383</b>	<b>361</b>	<b>6.0%</b>
582	643	617	4.2%	HHMC Observation Patient Day Equivalents	2,311	2,527	2,430	4.0%
79	160	87	83.91%	HHMCPO Observation Patient Day Equivalents	319	478	345	38.6%
<b>661</b>	<b>803</b>	<b>704</b>	<b>14.1%</b>	<b>Total Observation Patient Day Equivalents</b>	<b>2,630</b>	<b>3,005</b>	<b>2,775</b>	<b>8.3%</b>
<b>21</b>	<b>26</b>	<b>23</b>	<b>13.0%</b>	<b>Observation Average Daily Census</b>	<b>21</b>	<b>24</b>	<b>23</b>	<b>4.3%</b>
148	132	146	-9.6%	HHMC Newborn Births	671	574	658	-12.8%
298	284	307	-7.5%	HHMC Nursery Patient Days	1,308	1,116	1,328	-16.0%
471	451	502	-10.2%	HHMC Inpatient Surgeries	1,791	1,798	1,915	-6.1%
1	3	1	200.0%	HHMCPO Inpatient Surgeries	4	12	2	500.0%
<b>472</b>	<b>454</b>	<b>503</b>	<b>-9.7%</b>	<b>Total Inpatient Surgeries</b>	<b>1,795</b>	<b>1,810</b>	<b>1,917</b>	<b>-5.6%</b>
<b><u>Inpatient Surgeries</u></b>								
187	175			Orthopedics	682	697		
75	76			General Surgery	336	297		
57	46			Neurosurgery	207	173		
17	30			Vascular	54	102		
23	23			Thoracic Surgery	86	90		
113	104			All Other	430	451		
<b>472</b>	<b>454</b>	<b>503</b>	<b>-9.7%</b>	<b>Total Inpatient Surgeries</b>	<b>1,795</b>	<b>1,810</b>	<b>1,917</b>	<b>-5.6%</b>

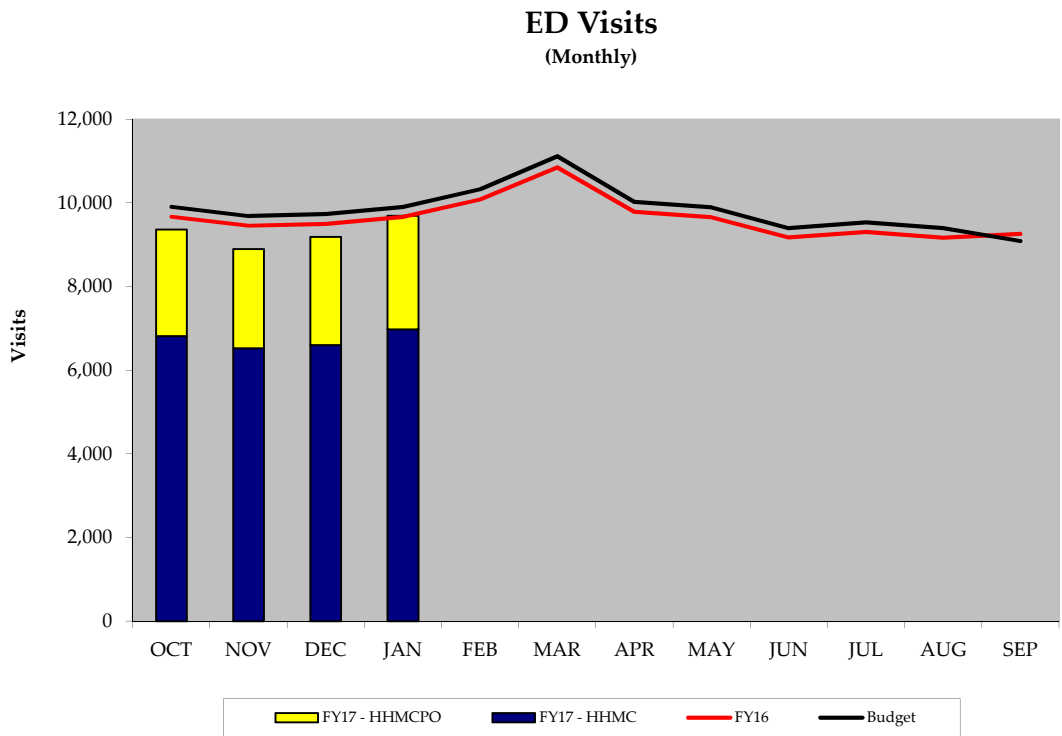
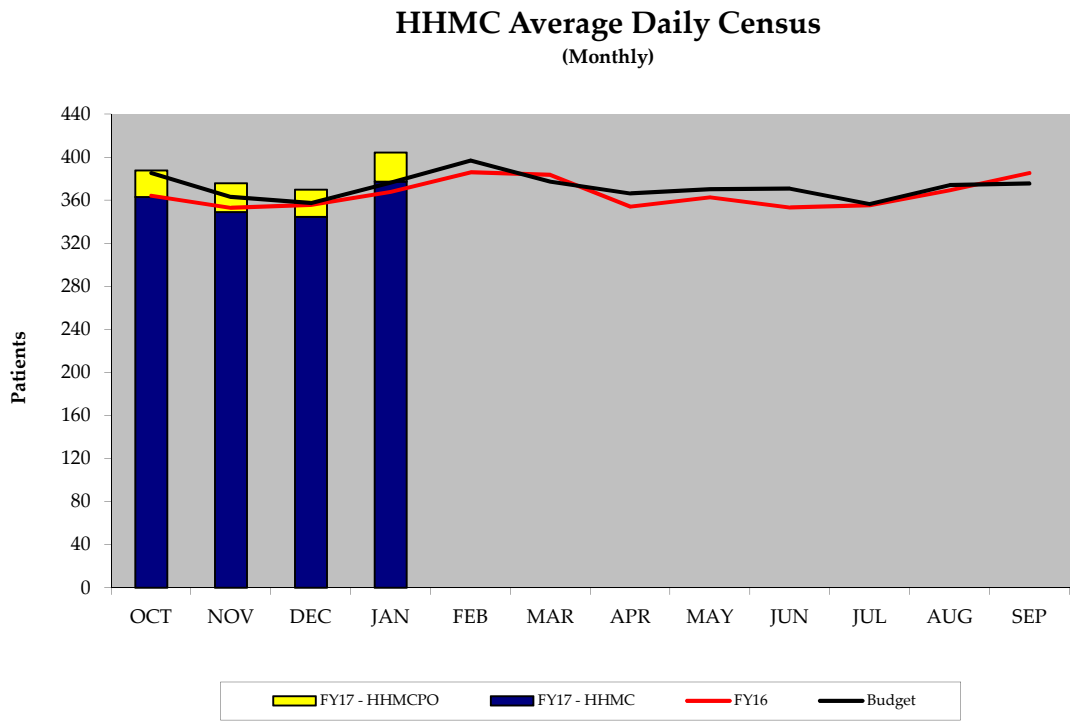
# Halifax Health Statistical Summary

Month Ended January 31,					Four Months Ended January 31,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>		<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
				<u>Outpatient Activity</u>				
6,901	6,980	7,023	-0.6%	HHMC ED Registrations	27,444	26,934	27,931	-3.6%
2,766	2,718	2,881	-5.7%	HHMCPO ED Registrations	10,851	10,219	11,306	-9.6%
<b>9,667</b>	<b>9,698</b>	<b>9,904</b>	<b>-2.1%</b>	<b>Total ED</b>	<b>38,295</b>	<b>37,153</b>	<b>39,237</b>	<b>-5.3%</b>
361	427	346	23.4%	HHMC Outpatient Surgeries	1,541	1,657	1,479	12.0%
102	68	104	-34.6%	HPC Outpatient Surgeries	378	247	387	-36.2%
0	3	0	0.0%	HHMCPO Outpatient Surgeries	0	3	1	200.0%
369	364	367	-0.8%	Twin Lakes Surgeries	1,495	1,415	1,492	-5.2%
<b>832</b>	<b>862</b>	<b>817</b>	<b>5.5%</b>	<b>Total Outpatient Surgeries</b>	<b>3,414</b>	<b>3,322</b>	<b>3,359</b>	<b>-1.1%</b>
				<u>Outpatient Surgeries</u>				
171	187			General Surgery	673	741		
206	181			Orthopedics	765	655		
95	64			Gastroenterology	449	295		
63	62			Obstetrics Gynecology	285	289		
59	61			Ophthalmology	236	227		
238	307			All Other	1,006	1,115		
<b>832</b>	<b>862</b>	<b>817</b>	<b>5.5%</b>	<b>Total Outpatient Surgeries</b>	<b>3,414</b>	<b>3,322</b>	<b>3,359</b>	<b>-1.1%</b>
				<u>Cardiology Procedures</u>				
19	25			Open Heart Cases	62	70		
111	139			Cardiac Caths	467	505		
29	28			CRM Devices	145	131		
30	37			EP Studies	103	167		
<b>189</b>	<b>229</b>	<b>193</b>	<b>18.7%</b>	<b>Total Cardiology Procedures</b>	<b>777</b>	<b>873</b>	<b>806</b>	<b>8.3%</b>
				<u>Interventional Radiology Procedures</u>				
9	6	8	-25.0%	Vascular	32	23	27	-14.8%
216	182	191	-4.7%	Nonvascular	916	636	764	-16.8%
<b>225</b>	<b>188</b>	<b>199</b>	<b>-5.5%</b>	<b>Total Interventional Radiology Procedures</b>	<b>948</b>	<b>659</b>	<b>791</b>	<b>-16.7%</b>
<b>197</b>	<b>210</b>	<b>204</b>	<b>2.9%</b>	<b>GI Lab Procedures</b>	<b>760</b>	<b>793</b>	<b>734</b>	<b>8.0%</b>
				<u>HH Hospice Activity</u>				
				<u>Patient Days</u>				
16,479	15,848	17,050	-7.0%	Volusia/ Flagler	67,258	61,256	67,650	-9.5%
165.0	900	747	20.5%	Orange/ Osceola	717.0	3,509	2,712	29.4%
<b>16,644</b>	<b>16,748</b>	<b>17,797</b>	<b>-5.9%</b>	<b>HH Hospice Patient Days</b>	<b>67,975</b>	<b>64,765</b>	<b>70,362</b>	<b>-8.0%</b>
				<u>Average Daily Census</u>				
532	511	550	-7.0%	Volusia/ Flagler	547	498	550	-9.5%
5	29	24	20.5%	Orange/ Osceola	6	29	22	29.4%
<b>537</b>	<b>540</b>	<b>574</b>	<b>-5.9%</b>	<b>HH Hospice Average Daily Census</b>	<b>553</b>	<b>527</b>	<b>572</b>	<b>-8.0%</b>

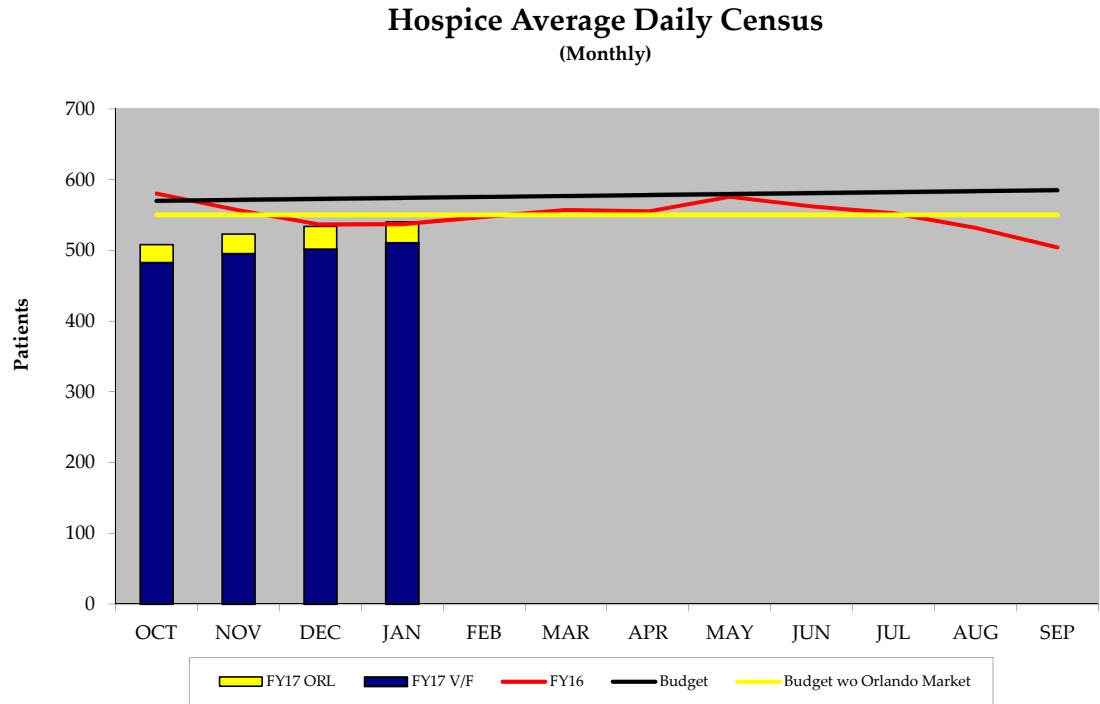
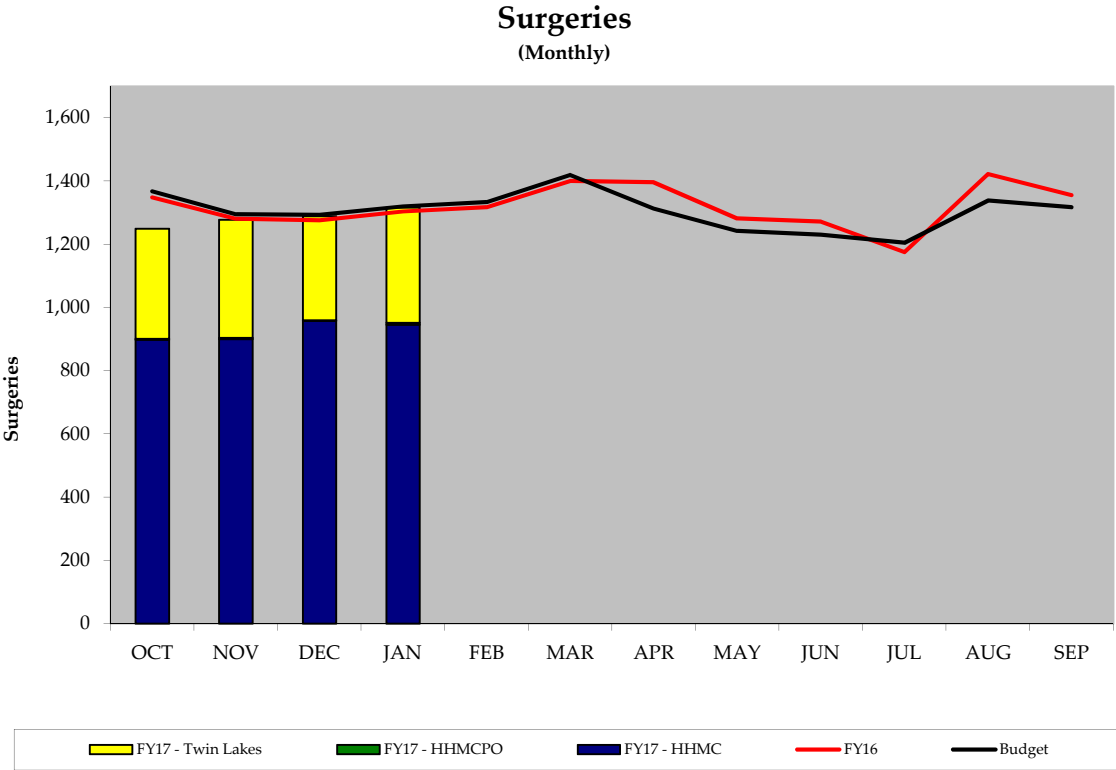
# Halifax Health Statistical Summary

Month Ended January 31,				Four Months Ended January 31,			
<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>	<u>2016</u>	<u>2017</u>	<u>Budget</u>	<u>Var.</u>
<b><u>Physician Practice Activity</u></b>							
<b><u>Primary Care Visits</u></b>							
255	258	687	-62.4%	Ormond Beach	980	1,092	2,724 -59.9%
990	1,019	987	3.2%	Daytona Beach	4,226	4,079	4,215 -3.2%
118	698	907	-23.0%	Port Orange	410	2,728	3,390 -19.5%
477	337	623	-45.9%	Deltona	1,832	1,241	2,393 -48.1%
394	484	882	-45.1%	Ormond Beach (Women's/OB)	1,482	1,858	3,316 -44.0%
<b>2,234</b>	<b>2,796</b>	<b>4,086</b>	<b>-31.6%</b>	<b>Primary Care Visits</b>	<b>8,930</b>	<b>10,998</b>	<b>16,038 -31.4%</b>
<b><u>Children's Medical Center Visits</u></b>							
652	943	1,025	-8.0%	Ormond Beach	2,778	3,626	4,366 -16.9%
361	-	370	-100.0%	Palm Coast	1,613	293	1,655 -82.3%
419	530	444	19.4%	Port Orange	1,838	1,971	1,946 1.3%
<b>1,432</b>	<b>1,473</b>	<b>1,839</b>	<b>-19.9%</b>	<b>Children's Medical Center Visits</b>	<b>6,229</b>	<b>5,890</b>	<b>7,967 -26.1%</b>
<b><u>Community Clinic Visits</u></b>							
397	394	376	4.8%	Keech Street	1,519	1,508	1,439 4.8%
374	263	374	-29.7%	Adult Community Clinic	1,609	960	1,609 -40.3%
<b>771</b>	<b>657</b>	<b>750</b>	<b>-12.4%</b>	<b>Community Clinic Visits</b>	<b>3,128</b>	<b>2,468</b>	<b>3,048 -19.0%</b>

Halifax Health  
Statistical Summary - Graphic



# Halifax Health Statistical Summary - Graphic



**Halifax Health**  
**Condensed Statement of Net Position**  
(\$ in thousands)

	January 31,		
	2017	2016	Change
<b><u>Assets</u></b>			
Cash and cash equivalents	\$34,599	\$35,993	(\$1,394)
Investments	270,191	249,576	20,615
Board designated assets	44,744	44,640	104
Accounts receivable	63,565	56,615	6,950
Restricted assets whose use is limited	19,152	26,571	(7,419)
Other assets	43,522	45,636	(2,114)
Deferred outflow - swap	30,367	37,323	(6,956)
Deferred outflow - loss on bond refunding	17,071	6,637	10,434
Deferred outflow - pension	27,979	30,920	(2,941)
Property, plant and equipment	353,362	363,157	(9,795)
Total Assets	\$904,552	\$897,068	\$7,484
<b><u>Liabilities and Net position</u></b>			
Accounts payable	\$31,029	\$31,674	(\$645)
Other liabilities	84,204	88,274	(4,070)
Net pension liability	101,831	129,596	(27,765)
Long-term debt	353,612	345,981	7,631
Premium on LTD, net	19,708	9,518	10,190
Long-term value of swap	30,367	37,323	(6,956)
Net position	283,801	254,702	29,099
Total Liabilities and Net position	\$904,552	\$897,068	\$7,484

**Halifax Health**  
**Statement of Cash Flows**  
(\$ in thousands)

Month ended January 31, 2017	Month ended January 31, 2016	Variance		Four Months ended January 31, 2017	Four Months ended January 31, 2016	Variance
			<b>Cash flows from operating activities:</b>			
\$40,790	\$37,331	\$3,459	Receipts from third party payors and patients	\$160,813	\$165,795	(\$4,982)
(21,092)	(22,174)	1,082	Payments to employees	(116,120)	(106,868)	(9,252)
(14,162)	(13,352)	(810)	Payments to suppliers	(61,854)	(61,704)	(150)
647	694	(47)	Receipt of ad valorem taxes	9,432	11,193	(1,761)
-	(2,357)	2,357	Receipt (payment) of State UPL funds, net	-	(2,153)	2,153
2,867	4,069	(1,202)	Other receipts	11,820	11,016	804
(3,631)	(3,497)	(134)	Other payments	(13,891)	(14,497)	606
5,419	714	4,705	Net cash provided by (used in) operating activities	(9,800)	2,782	(12,582)
			<b>Cash flows from noncapital financing activities:</b>			
55	43	12	Proceeds from donations received	205	299	(94)
-	(7)	7	Nonoperating gain (loss)	2	(5)	7
55	36	19	Net cash provided by noncapital financing activities	207	294	(87)
			<b>Cash flows from capital and related financing activities:</b>			
(1,617)	(1,470)	(147)	Acquisition of capital assets	(4,964)	(8,592)	3,628
(195)	(190)	(5)	Payment of long-term debt	(780)	(760)	(20)
(347)	(351)	4	Payment of interest on long-term debt	(7,777)	(8,179)	402
(2,159)	(2,011)	(148)	Net cash used in capital financing activities	(13,521)	(17,531)	4,010
			<b>Cash flows from investing activities:</b>			
234	386	(152)	Realized investment income (loss)	2,639	3,570	(931)
(268)	(6,637)	6,369	Purchases of investments/limited use assets	(6,038)	(13,574)	7,536
5	164	(159)	Sales/Maturities of investments/limited use assets	2,539	4,699	(2,160)
(29)	(6,087)	6,058	Net cash provided by (used in) investing activities	(860)	(5,305)	4,445
3,286	(7,348)	10,634	<b>Net increase (decrease) in cash and cash equivalents</b>	(23,974)	(19,760)	(4,214)
31,313	43,341	(12,028)	<b>Cash and cash equivalents at beginning of period</b>	58,573	55,753	2,820
<u>\$34,599</u>	<u>\$35,993</u>	<u>(\$1,394)</u>	<b>Cash and cash equivalents at end of period</b>	<u>\$34,599</u>	<u>\$35,993</u>	<u>(\$1,394)</u>

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended January 31, 2017	Actual Month Ended January 31, 2016	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2017	Actual Four Months Ended January 31, 2016	Favorable (Unfavorable) Variance
			Operating revenues:			
\$47,258	\$49,934	(\$2,676)	Net patient service revenue, before provision for bad debts	\$195,450	\$197,173	(\$1,723)
(4,723)	(8,912)	4,189	Provision for bad debts	(31,909)	(36,987)	5,078
42,535	41,022	1,513	Net patient service revenue	163,541	160,186	3,355
938	1,104	(166)	Ad valorem taxes	3,751	4,417	(666)
2,381	652	1,729	Other revenue	9,055	7,608	1,447
45,854	42,778	3,076	Total operating revenues	176,347	172,211	4,136
			Operating expenses:			
23,589	22,080	(1,509)	Salaries and benefits	92,739	85,155	(7,584)
6,416	6,658	242	Purchased services	24,406	26,756	2,350
8,106	7,470	(636)	Supplies	31,888	29,749	(2,139)
1,950	2,026	76	Depreciation and amortization	7,944	8,136	192
1,406	1,503	97	Interest	5,666	5,889	223
634	644	10	Ad valorem tax related expenses	2,475	2,510	35
771	776	5	Leases and rentals	2,914	3,086	172
2,228	2,279	51	Other	8,695	9,083	388
45,100	43,436	(1,664)	Total operating expenses	176,727	170,364	(6,363)
754	(658)	1,412	Excess (deficiency) of operating revenues over expenses	(380)	1,847	(2,227)
			Nonoperating revenues, expenses, and gains/(losses):			
234	386	(152)	Realized investment income/(losses)	2,640	3,571	(931)
1,044	(1,182)	2,226	Unrealized investment income/(losses)	(1,022)	(3,185)	2,163
55	44	11	Donation revenue	206	298	(92)
-	(8)	8	Nonoperating gains/(losses), net	3	(6)	9
1,333	(760)	2,093	Total nonoperating revenues, expenses, and gains/(losses)	1,827	678	1,149
\$2,087	(\$1,418)	\$3,505	Increase (decrease) in net position	\$1,447	\$2,525	(\$1,078)

**Halifax Health**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended January 31, 2017	Static Budget Month Ended January 31, 2017	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2017	Static Budget Four Months Ended January 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$47,258	\$47,615	(\$357)	Net patient service revenue, before provision for bad debts	\$195,450	\$187,803	\$7,647
(4,723)	(5,894)	1,171	Provision for bad debts	(31,909)	(24,703)	(7,206)
42,535	41,721	814	Net patient service revenue	163,541	163,100	441
938	938	-	Ad valorem taxes	3,751	3,751	-
2,381	2,044	337	Other revenue	9,055	8,951	104
45,854	44,703	1,151	Total operating revenues	176,347	175,802	545
			Operating expenses:			
23,589	23,884	295	Salaries and benefits	92,739	93,761	1,022
6,416	5,796	(620)	Purchased services	24,406	23,276	(1,130)
8,106	7,817	(289)	Supplies	31,888	31,162	(726)
1,950	1,950	-	Depreciation and amortization	7,944	7,950	6
1,406	1,411	5	Interest	5,666	5,646	(20)
634	628	(6)	Ad valorem tax related expenses	2,475	2,492	17
771	703	(68)	Leases and rentals	2,914	2,810	(104)
2,228	2,244	16	Other	8,695	8,973	278
45,100	44,433	(667)	Total operating expenses	176,727	176,070	(657)
754	270	484	Excess (deficiency) of operating revenues over expenses	(380)	(268)	(112)
			Nonoperating revenues, expenses, and gains/(losses):			
234	385	(151)	Realized investment income/(losses)	2,640	1,542	1,098
1,044	-	1,044	Unrealized investment income/(losses)	(1,022)	-	(1,022)
55	60	(5)	Donation revenue	206	239	(33)
-	-	-	Nonoperating gains/(losses), net	3	-	3
1,333	445	888	Total nonoperating revenues, expenses, and gains/(losses)	1,827	1,781	46
\$2,087	\$715	\$1,372	Increase in net position	\$1,447	\$1,513	(\$66)

**Halifax Health Medical Center**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

<b>Actual</b> <b>Month Ended</b> <b>January 31, 2017</b>	<b>Static Budget</b> <b>Month Ended</b> <b>January 31, 2017</b>	<b>Favorable</b> <b>(Unfavorable)</b> <b>Variance</b>		<b>Actual</b> <b>Four Months Ended</b> <b>January 31, 2017</b>	<b>Static Budget</b> <b>Four Months Ended</b> <b>January 31, 2017</b>	<b>Favorable</b> <b>(Unfavorable)</b> <b>Variance</b>
			Operating revenues:			
\$43,628	\$43,868	(\$240)	Net patient service revenue, before provision for bad debts	\$181,436	\$172,973	\$8,463
(4,529)	(5,795)	1,266	Provision for bad debts	(31,454)	(24,307)	(7,147)
39,099	38,073	1,026	Net patient service revenue	149,982	148,666	1,316
938	938	-	Ad valorem taxes	3,751	3,751	-
1,401	1,328	73	Other revenue	5,173	6,086	(913)
41,438	40,339	1,099	Total operating revenues	158,906	158,503	403
			Operating expenses:			
21,444	21,715	271	Salaries and benefits	84,402	85,143	741
5,479	4,716	(763)	Purchased services	20,578	18,916	(1,662)
7,891	7,582	(309)	Supplies	31,010	30,231	(779)
1,813	1,813	-	Depreciation and amortization	7,394	7,400	6
1,395	1,400	5	Interest	5,620	5,600	(20)
634	628	(6)	Ad valorem tax related expenses	2,475	2,492	17
599	537	(62)	Leases and rentals	2,253	2,148	(105)
2,043	1,994	(49)	Other	7,913	7,974	61
41,298	40,385	(913)	Total operating expenses	161,645	159,904	(1,741)
140	(46)	186	Excess (deficiency) of operating revenues over expenses	(2,739)	(1,401)	(1,338)
			Nonoperating revenues, expenses, and gains/(losses):			
177	197	(20)	Realized investment income/(losses)	960	790	170
297	-	297	Unrealized investment income/(losses)	(1,886)	-	(1,886)
11	-	11	Donation revenue	27	-	27
485	197	288	Total nonoperating revenues, expenses, and gains/(losses)	(896)	790	(1,686)
\$625	\$151	\$474	Increase (decrease) in net position	(\$3,635)	(\$611)	(\$3,024)

**Halifax Health Medical Center**  
**Net Patient Service Revenue**  
**(\$ in thousands)**

Actual Month Ended January 31, 2016		Actual Month Ended January 31, 2017		Static Budget Month Ended January 31, 2017			Actual Four Months Ended January 31, 2016		Actual Four Months Ended January 31, 2017		Static Budget Four Months Ended January 31, 2017	
\$136,111	100.00%	\$156,568	100.00%	\$146,384	100.00%	Gross charges	\$543,074	100.00%	\$595,401	100.00%	\$576,284	100.00%
(5,903)	-4.34%	(10,843)	-6.93%	(8,529)	-5.83%	Charity	(23,668)	-4.36%	(35,737)	-6.00%	(33,561)	-5.82%
(84,040)	-61.74%	(102,097)	-65.21%	(93,987)	-64.21%	Contractual adjustments	(337,084)	-62.07%	(378,228)	-63.52%	(369,750)	-64.16%
46,168	33.92%	43,628	27.87%	43,868	29.97%	Gross charges, before provision for bad debts	182,322	33.57%	181,436	30.47%	172,973	30.02%
(8,856)	-6.51%	(4,529)	-2.89%	(5,795)	-3.96%	Provision for bad debts	(36,742)	-6.77%	(31,454)	-5.28%	(24,307)	-4.22%
<b>\$37,312</b>	<b>27.41%</b>	<b>\$39,099</b>	<b>24.97%</b>	<b>\$38,073</b>	<b>26.01%</b>	<b>Net patient service revenue</b>	<b>\$145,580</b>	<b>26.81%</b>	<b>\$149,982</b>	<b>25.19%</b>	<b>\$148,666</b>	<b>25.80%</b>

**Halifax Health Hospice**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended January 31, 2017	Static Budget Month Ended January 31, 2017	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2017	Static Budget Four Months Ended January 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$3,630	\$3,747	(\$117)	Net patient service revenue, before provision for bad debts	\$14,014	\$14,830	(\$816)
(194)	(99)	(95)	Provision for bad debts	(455)	(396)	(59)
3,436	3,648	(212)	Net patient service revenue	13,559	14,434	(875)
172	199	(27)	Other revenue	695	797	(102)
3,608	3,847	(239)	Total operating revenues	14,254	15,231	(977)
			Operating expenses:			
2,074	2,094	20	Salaries and benefits	8,043	8,317	274
901	1,041	140	Purchased services	3,691	4,206	515
215	234	19	Supplies	877	928	51
70	70	-	Depreciation and amortization	284	284	-
167	161	(6)	Leases and rentals	641	642	1
166	180	14	Other	642	717	75
3,593	3,780	187	Total operating expenses	14,178	15,094	916
15	67	(52)	Excess of operating revenues over expenses	76	137	(61)
			Nonoperating revenues, expenses, and gains/(losses):			
57	188	(131)	Realized investment income/(losses)	1,680	752	928
747	-	747	Unrealized investment income/(losses)	864	-	864
44	60	(16)	Donation revenue	179	239	(60)
-	-	-	Nonoperating gains/(losses), net	-	-	-
848	248	600	Total nonoperating revenues, expenses, and gains/(losses)	2,723	991	1,732
\$863	\$315	\$548	Increase in net position	\$2,799	\$1,128	\$1,671

**Volusia Health Network / Halifax Management Systems**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended January 31, 2017	Static Budget Month Ended January 31, 2017	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2017	Static Budget Four Months Ended January 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
329	341	(12)	Other revenue	1,343	1,365	(22)
329	341	(12)	Total operating revenues	1,343	1,365	(22)
			Operating expenses:			
61	65	4	Salaries and benefits	248	259	11
35	35	-	Purchased services	131	139	8
-	1	1	Supplies	1	3	2
67	67	-	Depreciation and amortization	266	266	-
11	11	-	Interest	46	46	-
5	5	-	Leases and rentals	20	20	-
1	3	2	Other	4	13	9
180	187	7	Total operating expenses	716	746	30
149	154	(5)	Excess of operating revenues over expenses	627	619	8
			Nonoperating revenues, expenses, and gains/(losses):			
-	-	-	Realized investment income/(losses)	-	-	-
-	-	-	Unrealized investment income/(losses)	-	-	-
-	-	-	Donation revenue	-	-	-
-	-	-	Nonoperating gains/(losses), net	-	-	-
-	-	-	Total nonoperating revenues, expenses, and gains/(losses)	-	-	-
\$149	\$154	(\$5)	Increase in net position	\$627	\$619	\$8

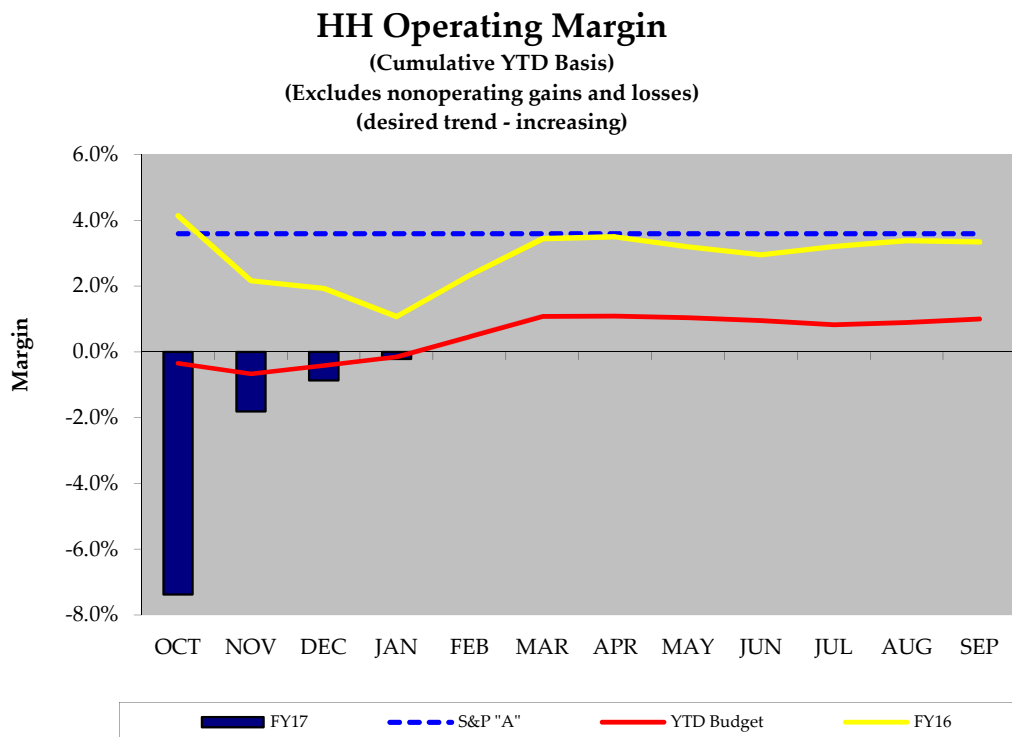
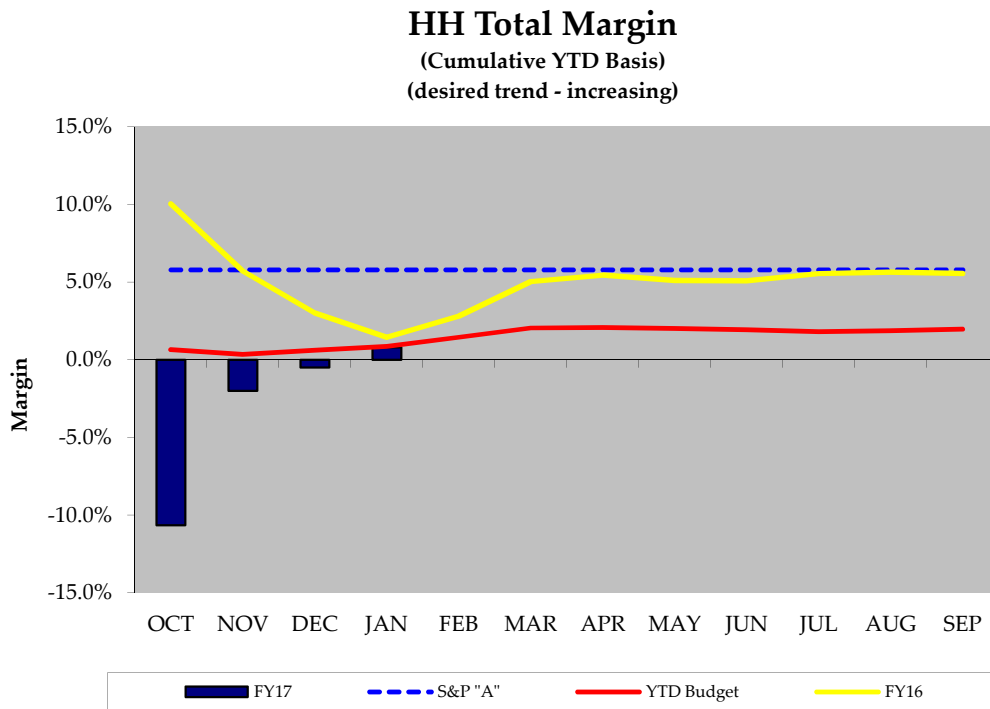
**Halifax Health Foundation**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended January 31, 2017	Static Budget Month Ended January 31, 2017	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2017	Static Budget Four Months Ended January 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$0	\$0	\$0	Net patient service revenue, before provision for bad debts	\$0	\$0	\$0
-	-	-	Provision for bad debts	-	-	-
-	-	-	Net patient service revenue	-	-	-
35	105	(70)	Realized investment income/(losses)	832	420	412
359	-	359	Unrealized investment income/(losses)	715	-	715
85	71	14	Donation revenue	297	283	14
-	-	-	Other revenue	-	-	-
479	176	303	Total operating revenues	1,844	703	1,141
			Operating expenses:			
10	10	-	Salaries and benefits	46	42	(4)
1	4	3	Purchased services	6	15	9
-	-	-	Supplies	-	-	-
-	-	-	Depreciation and amortization	-	-	-
-	-	-	Interest	-	-	-
-	-	-	Leases and rentals	-	-	-
18	67	49	Other	136	269	133
29	81	52	Total operating expenses	188	326	138
<b>\$450</b>	<b>\$95</b>	<b>\$355</b>	<b>Increase in net position</b>	<b>\$1,656</b>	<b>\$377</b>	<b>\$1,279</b>

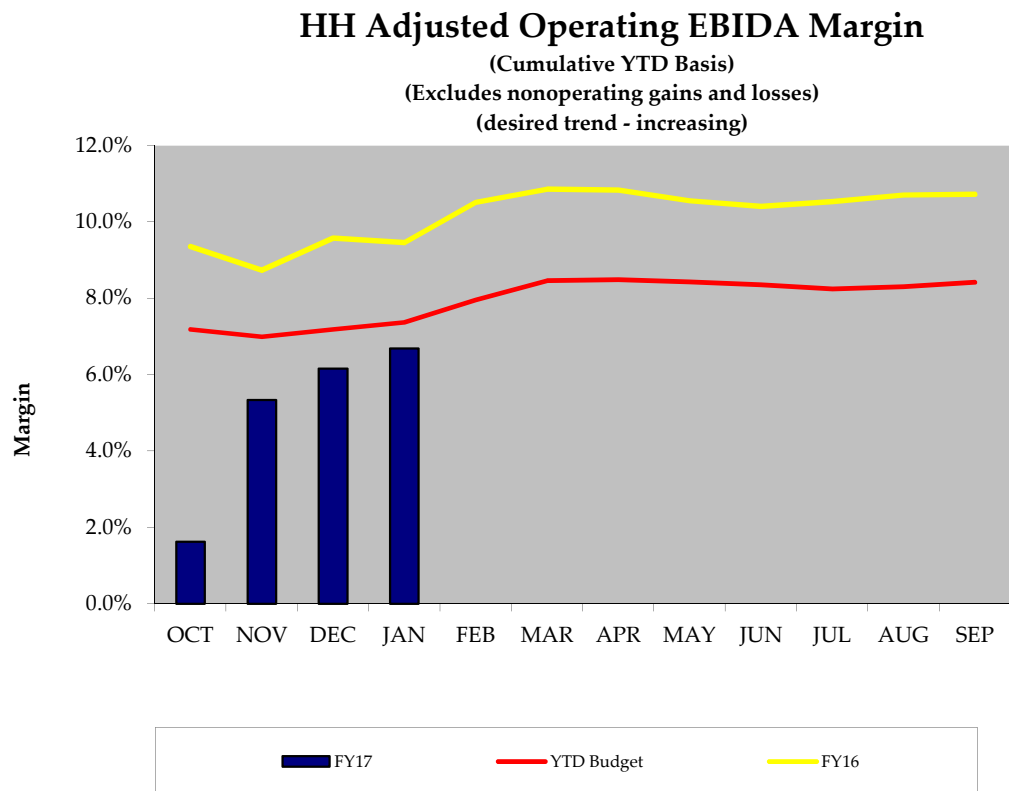
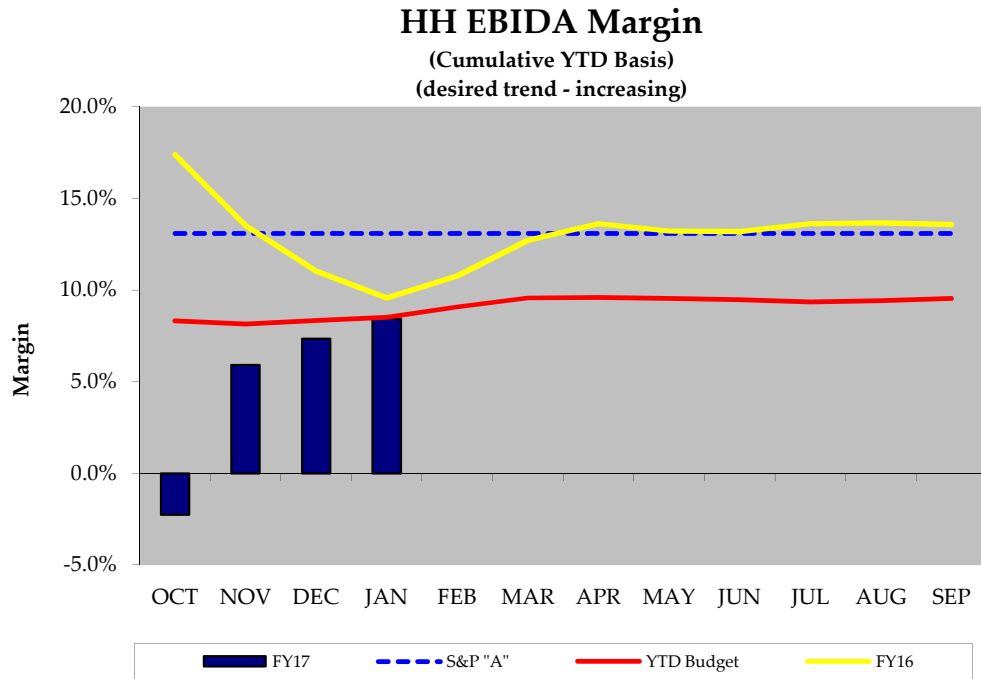
**Halifax Health Medical Center (Obligated Group)**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**(\$ in thousands)**

Actual Month Ended January 31, 2017	Static Budget Month Ended January 31, 2017	Favorable (Unfavorable) Variance		Actual Four Months Ended January 31, 2017	Static Budget Four Months Ended January 31, 2017	Favorable (Unfavorable) Variance
			Operating revenues:			
\$43,628	\$43,868	(\$240)	Net patient service revenue, before provision for bad debts	\$181,436	\$172,973	\$8,463
(4,529)	(5,795)	1,266	Provision for bad debts	(31,454)	(24,307)	(7,147)
39,099	38,073	1,026	Net patient service revenue	149,982	148,666	1,316
938	938	-	Ad valorem taxes	3,751	3,751	-
1,401	1,328	73	Other revenue	5,173	6,086	(913)
41,438	40,339	1,099	Total operating revenues	158,906	158,503	403
			Operating expenses:			
21,444	21,715	271	Salaries and benefits	84,402	85,143	741
5,479	4,716	(763)	Purchased services	20,578	18,916	(1,662)
7,891	7,582	(309)	Supplies	31,010	30,231	(779)
1,813	1,813	-	Depreciation and amortization	7,394	7,400	6
1,395	1,400	5	Interest	5,620	5,600	(20)
634	628	(6)	Ad valorem tax related expenses	2,475	2,492	17
599	537	(62)	Leases and rentals	2,253	2,148	(105)
2,043	1,994	(49)	Other	7,913	7,974	61
41,298	40,385	(913)	Total operating expenses	161,645	159,904	(1,741)
140	(46)	186	Excess (deficiency) of operating revenues over expenses	(2,739)	(1,401)	(1,338)
			Nonoperating revenues, expenses, and gains/(losses):			
177	197	(20)	Realized investment income/(losses)	960	790	170
297	-	297	Unrealized investment income/(losses)	(1,886)	-	(1,886)
11	-	11	Donation revenue	27	-	27
-	-	-	Nonoperating gains/(losses), net	3	-	3
485	197	288	Total nonoperating revenues, expenses, and gains/(losses)	(896)	790	(1,686)
625	151	474	Increase (decrease) in net position before other changes in net	(3,635)	(611)	(3,024)
1,462	564	898	Income from affiliates	5,082	2,124	2,958
\$2,087	\$715	\$1,372	Increase in net position	\$1,447	\$1,513	(\$66)

# Halifax Health Financial Summary - Graphic



# Halifax Health Financial Summary - Graphic



# Halifax Health

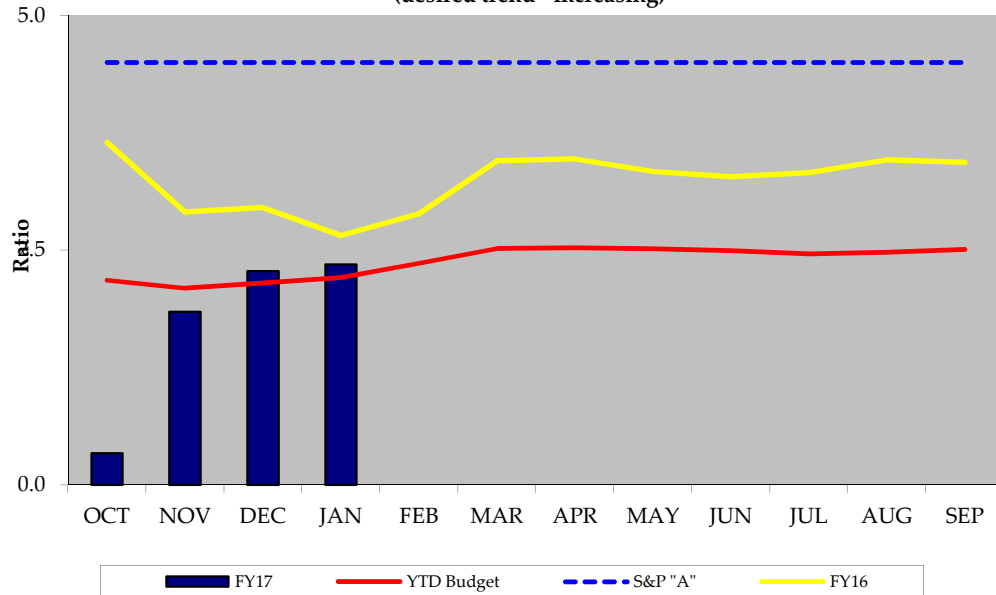
## Financial Summary - Graphic

### HH MADS Coverage Ratio

(Annualized Basis)

(Excludes unrealized investment gains/losses in accordance with covenant requirements)

(desired trend - increasing)

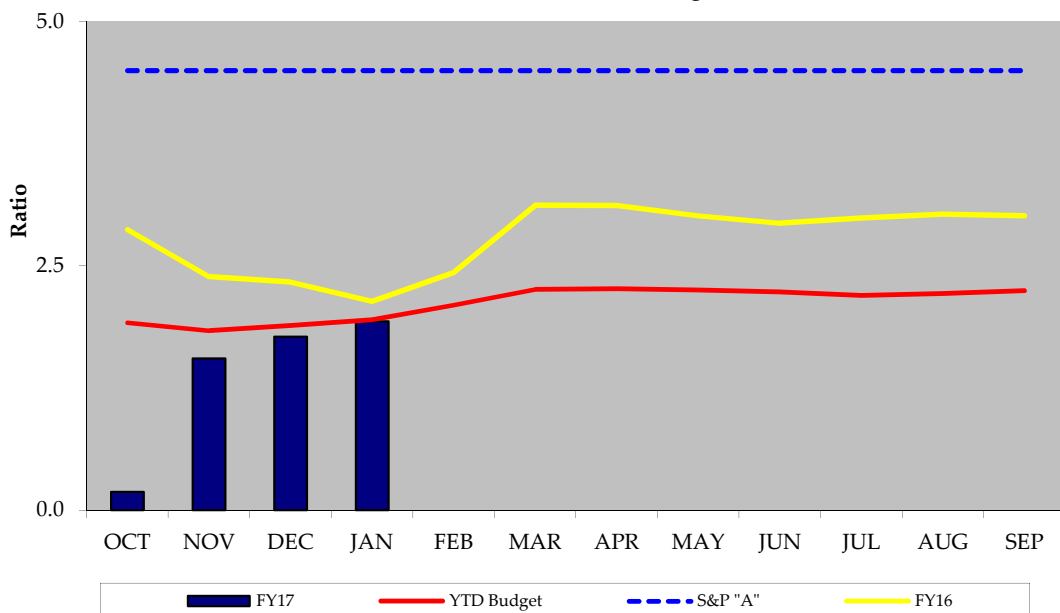


### HH MADS Coverage Ratio - Operations Only

(Annualized Basis)

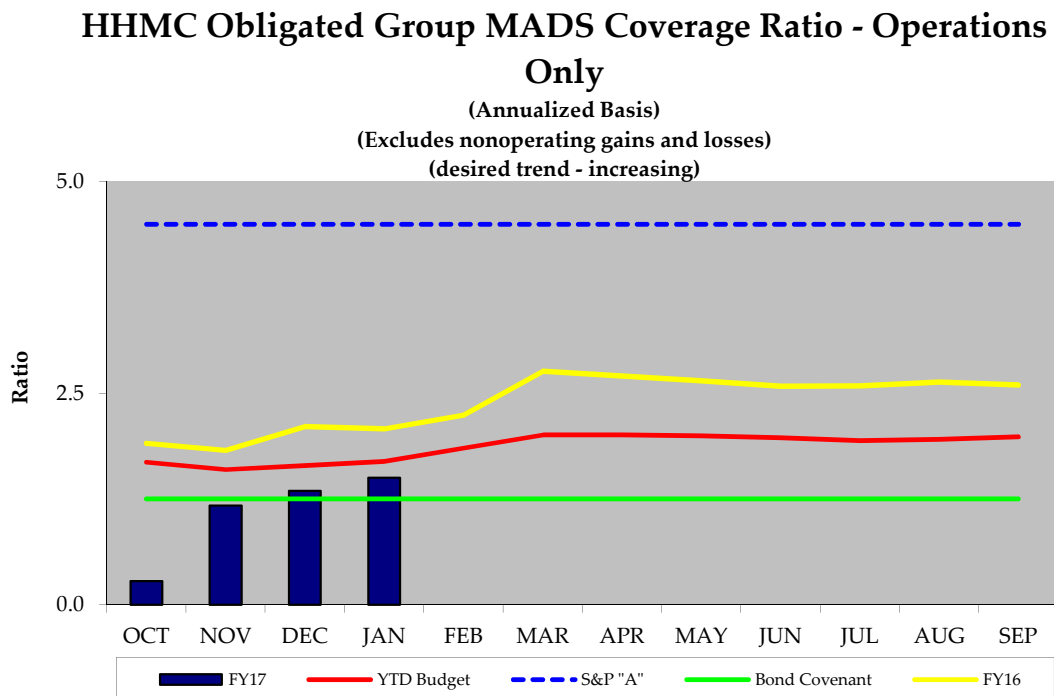
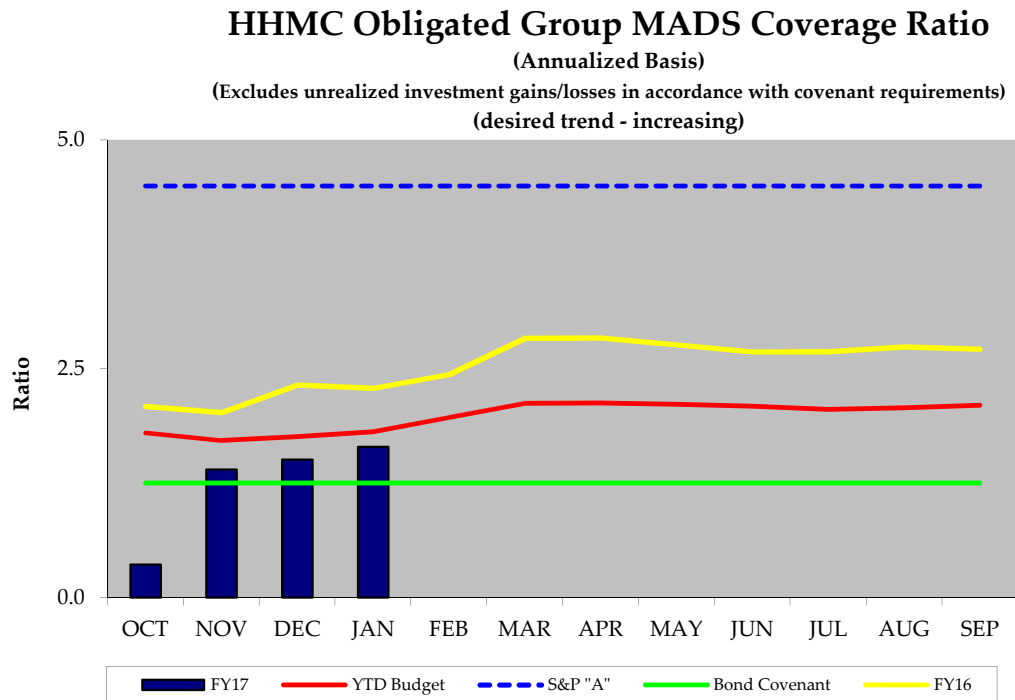
(Excludes nonoperating gains and losses)

(desired trend - increasing)



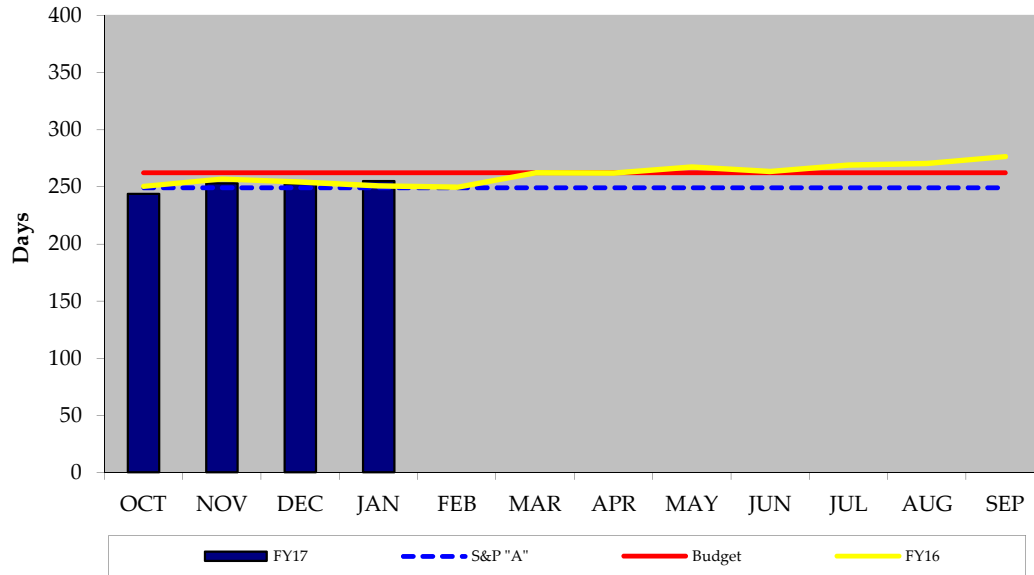
# Halifax Health

## Financial Summary - Graphic

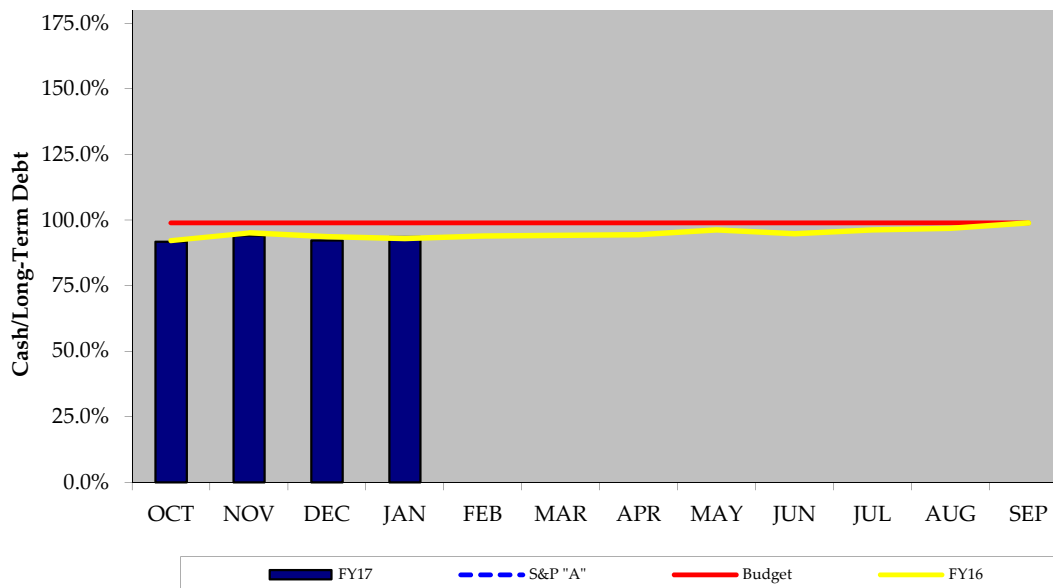


# Halifax Health Financial Summary - Graphic

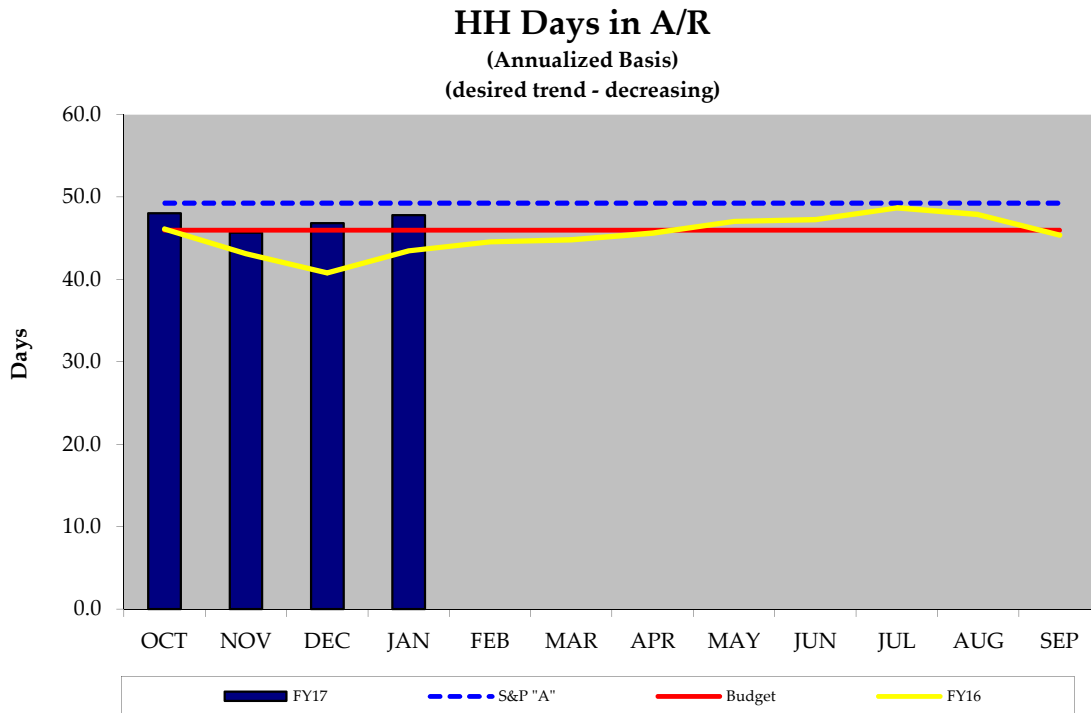
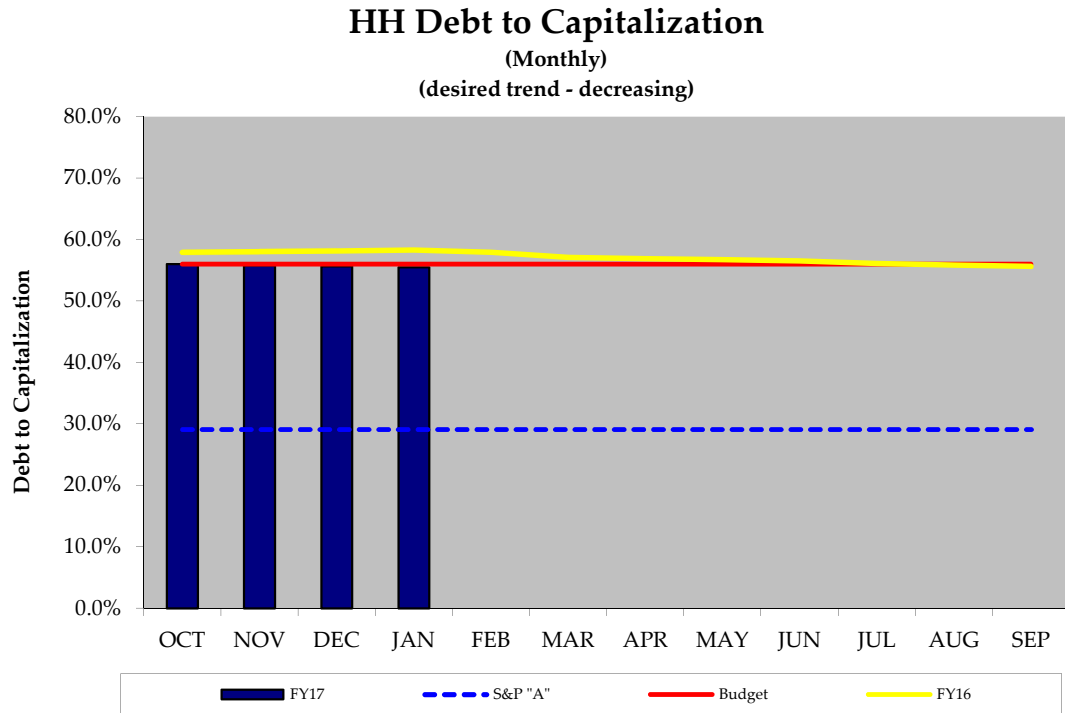
**HH Days Cash on Hand**  
(Annualized Basis)  
(desired trend - increasing)



**HH Cash/Debt**  
(Monthly)  
(desired trend - increasing)

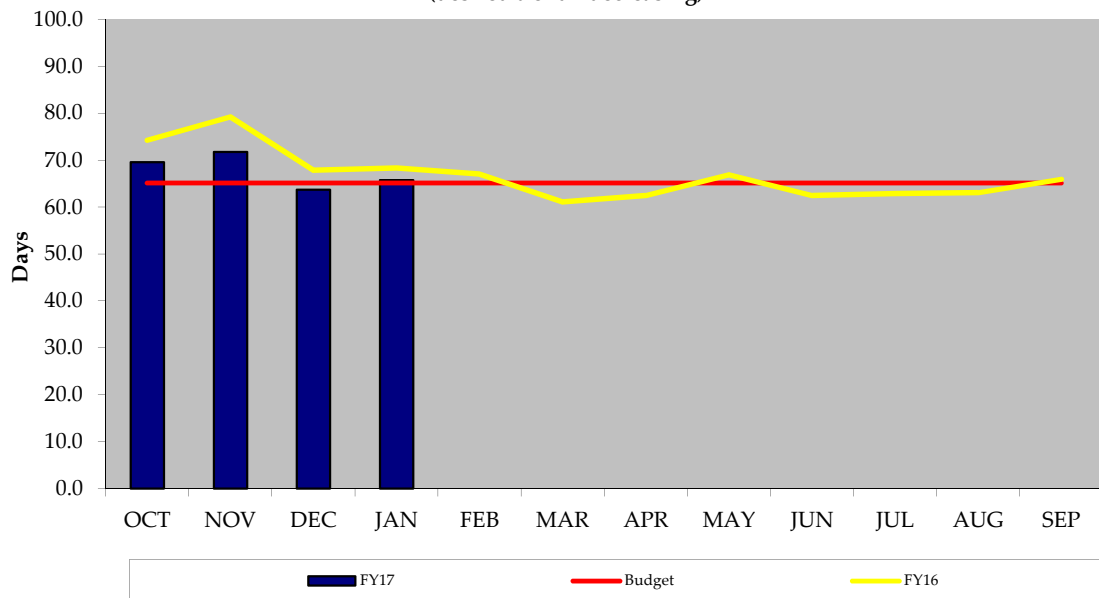


# Halifax Health Financial Summary - Graphic

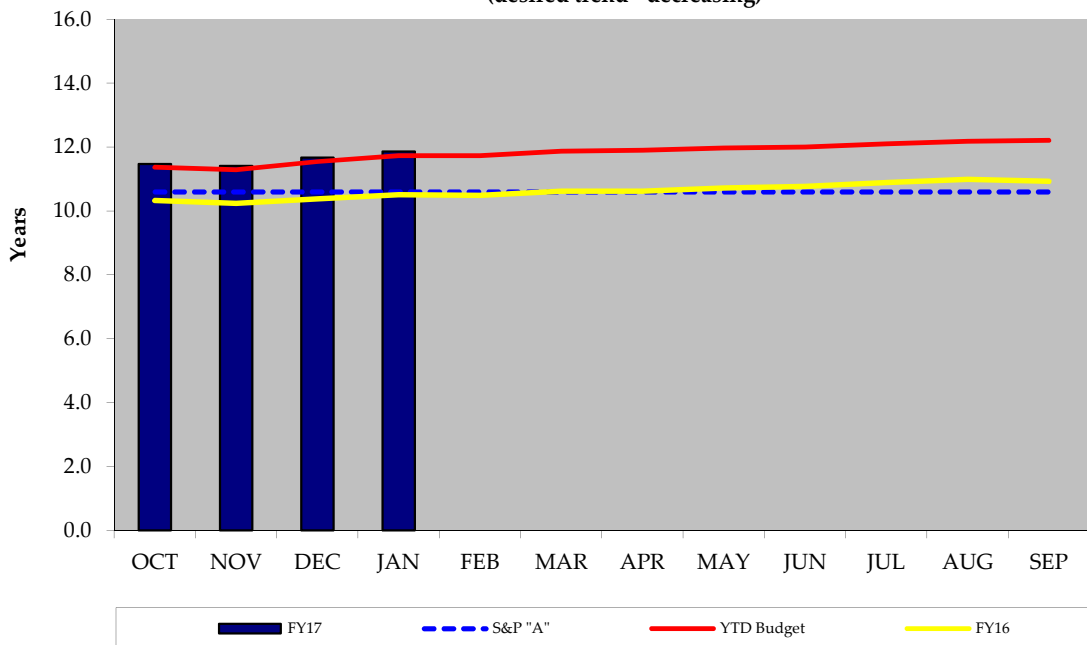


# Halifax Health Financial Summary - Graphic

## HH Average Payment Period (Annualized Basis) (desired trend - decreasing)



## HH Average Age of Plant (Annualized Basis) (desired trend - decreasing)



**Halifax Health**  
**Financial Ratios and Operating Indicators**  
**Definitions and Calculations**

Indicator	Definition	Calculation
Total Margin *	Gauges the relative efficiency with which the System produces its output.	$\frac{\text{Net Income}}{\text{Total Revenues}}$
EBIDA Margin *	Gauges the relative efficiency excluding capital costs with which the System produces its output.	$\frac{\text{Net income} + \text{Int} + \text{Depr} + \text{Amort}}{\text{Total Revenues}}$
MADS Coverage Ratio *	Measures profitability relative to the Maximum Principal and Interest Payment of Debt	$\frac{\text{Net Income} + \text{Depr} + \text{Amort} + \text{Int}}{\text{Maximum Annual Debt Service}}$
Days Cash on Hand	Measures the number of days of average cash expenses that the System maintains in cash and cash equivalents and unrestricted investments.	$\frac{\text{Unrestricted Cash and Investments}}{(\text{Total Expenses} - \text{Depr}) / \text{Days in Period}}$
Cash to Long-term Debt	Measures the percentage of unrestricted cash and investments to long-term debt.	$\frac{\text{Unrestricted Cash and Investments}}{\text{Long-term Debt}}$
Long-term Debt to Capitalization	Measures the reliance on long-term debt financing and ability to issue new debt.	$\frac{\text{Long-term Debt}}{\text{Long-term Debt} + \text{Net Position}}$
Days in Accounts Receivable	Measures the average time that receivables are outstanding, or the average collection period.	$\frac{\text{Accounts Receivable}}{\text{Net Patient Service Revenue} / \text{Days in Period}}$
Average Payment Period	Provides a measure of the average time that elapses before current liabilities are paid.	$\frac{\text{Current Liabilities}}{(\text{Total Expenses} - \text{Depr}) / \text{Days in Period}}$
Average Age of Plant	Provides a measure of the average age in years of the System's fixed assets.	$\frac{\text{Accumulated Depreciation}}{\text{Depreciation Expense}}$
Operating Margin	Gauges the relative operating efficiency with which the System produces its output.	$\frac{\text{Excess of Operating Revenues}}{\text{Total Operating Revenues} + \text{Bad Debt}}$
* Operations Only Indicators	Excludes realized and unrealized investment income, donations, and nonoperating gains and losses	

**Halifax Health**  
**FY2016 Capital Investment Strategy**  
**Executive Summary**  
**As of January 31, 2017**  
**(\$ in thousands)**

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<b>Targeted Unrestricted Cash and Investments - September 30, 2017</b> (262 days cash on hand)	<b>\$ 362,668</b>
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<b>Projected FY 2017 funds available for capital expenditures - based on current level of unrestricted cash and investment, plus amounts expected to be derived from operations and other sources</b>	<b>\$ 29,784</b>	<b>=</b>	<b>This amount is greater than the projected capital expenditures for FY 2017</b>
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**Capital Strategy Justifications for Approval of Proposed Capital Projects:**

1. The targeted unrestricted cash and investments for September 30, 2017 (and related days cash on hand) continues to be considered appropriate.
2. The capital requirements of the projects proposed for Board of Commissioners' approval are within the scope of the FY 2017 capital budget.

**Halifax Health**  
**FY2017 Capital Investment Strategy**  
**As of January 31, 2017**  
**(\$ in thousands)**

	Hospital Only	HH Holdings	HH Obligated Group	Foundation	Hospice	Total Halifax Health*
<b>Unrestricted Cash and Investments and days cash on hand</b>						
Actual unrestricted Cash and Investments as of January 31, 2017	\$76,738	\$165,713	\$242,451	\$33,961	\$68,175	\$344,587
Days cash on hand [S&P Calculation]	61.5	N/A	194.4	N/A	604.8	252.4
Days cash on hand including bad debt [Bond Compliance Calculation]	54.5	N/A	172.1	N/A	595.9	219.5
<b>Projection of Cash Available for Capital Investment - FY 2017</b>						
Actual Cash and Investments as of January 31, 2017	\$76,738	\$165,713	\$242,451	\$33,961	\$68,175	\$344,587
Budgeted Cash and Investments at September 30, 2017	88,924	168,474	257,398	34,422	70,848	362,668
Cash and Investments in excess of Budget	(12,186)	(2,761)	(14,947)	(461)	(2,673)	(18,081)
<b>Calculation of Cash from Operations Available for Capital Investment</b>						
Gain from operations - budgeted FY 2017- Remaining	\$5,408	\$398	\$5,806	\$849	\$616	\$5,978
GASB 68 pension accounting - budgeted FY 2017- Remaining	9,139	-	9,139	-	455	9,594
Depreciation expense - budgeted FY 2017- Remaining	16,707	-	16,707	-	582	17,889
Expected cash from operations- budgeted FY 2017- Remaining	31,254	398	31,652	849	1,653	33,461
Donations and nonoperating gains, net- budgeted FY 2017- Remaining	-	-	-	-	536	536
Investment gains- budgeted FY 2017- Remaining	\$619	\$1,159	\$1,778	\$0	\$1,692	\$3,470
Portion being made available for capital expenditures	100% 619	100% 1,159	100% 1,778	100% -	100% 1,692	100% 3,470
Adjustment to cash from Bond Proceeds	13,116	-	13,116	-	-	13,116
Expected changes in working capital through September 30, 2017	4,617	-	4,617	-	-	4,617
Principal payments on debt	(7,335)	-	(7,335)	-	-	(7,335)
<b>Total expected cash and investments available for capital expenditures</b>	<b>(A) \$30,085</b>	<b>(A) (\$1,204)</b>	<b>(A) \$28,881</b>	<b>(A) \$388</b>	<b>(A) \$1,208</b>	<b>(A) \$29,784</b>
<b>Projected Capital Investments FY 2017</b>						
Capital projects approved in FY 2016 and prior - not expended at September 30, 2016	\$18,044	\$0	\$18,044	\$0	\$108	\$18,152
FY2017 Capital Budget	19,700	-	19,700	-	300	20,000
Adjustments (FY 2017 Budgeted Projects approved in FY 2016)	(1,681)	-	(1,681)	-	-	(1,681)
Estimated carryover of approved projects to FY 2017	(12,000)	-	(12,000)	-	-	(12,000)
Projected capital expenditures	(B) 24,063	(B) -	(B) 24,063	(B) -	(B) 408	(B) 24,471
<b>Projected funds available in excess of capital expenditures</b>	<b>(A)-(B) \$6,022</b>	<b>(A)-(B) (\$1,204)</b>	<b>(A)-(B) \$4,818</b>	<b>(A)-(B) \$388</b>	<b>(A)-(B) \$800</b>	<b>(A)-(B) \$5,313</b>
<b>Summary of Capital Approvals</b>						
FY 2017 Capital Budget	\$19,700	\$0	\$19,700	\$0	\$300	\$20,000
Projected funds available in excess of FY 2017 Capital Investment	6,022	(1,204)	4,818	388	800	5,313
FY 2017 Capital Budget plus projected excess funds	(C) 25,722	(C) (1,204)	(C) 24,518	(C) 388	(C) 1,100	(C) 25,313
FY2017 Board of Commissioners approved projects	5,827	-	5,827	-	-	5,827
FY 2017 CIC approved projects, net of those subsequently approved by the Board	581	-	581	-	-	581
Approved capital projects	(D) 6,408	(D) -	(D) 6,408	(D) -	(D) -	(D) 6,408
Adjustments (FY 2017 board approvals, approved by CIC in FY 2016)	(E) (4,394)	(E) -	(E) (4,394)	(E) -	(E) -	(E) (4,394)
<b>Available for new projects</b>	<b>(C)-(D)-(E) 23,708</b>	<b>(C)-(D)-(E) (1,204)</b>	<b>(C)-(D)-(E) 22,504</b>	<b>(C)-(D)-(E) 388</b>	<b>(C)-(D)-(E) 1,100</b>	<b>(C)-(D)-(E) 23,300</b>
Project(s) proposed for Board of Commissioners approval:						
SAN Hardware	(\$477)	\$0	(\$477)	\$0	\$0	(\$477)
Surgical Power Equipment- Small Bone Orthopedics	(471)	-	(471)	-	-	(471)
Beds & Mattresses (Qty 16) for IMC	(338)	-	(338)	-	-	(338)
AHU #1 for SPD	(321)	-	(321)	-	-	(321)
Ophthalmic Microscope, Surgical Light, Lens & Renovation of OR #1	(187)	-	(187)	-	-	(187)
Neurosurgical Power Equipment	(181)	-	(181)	-	-	(181)
Beds & Mattresses (Qty 25)	(153)	-	(153)	-	-	(153)
Network Switches & Installation for Patient Monitoring	(141)	-	(141)	-	-	(141)
Plasma Pheresis Systems (Qty 5)	(122)	-	(122)	-	-	(122)
Pump Speed Controls for Heart-Lung Machines (Qty 3)	(100)	-	(100)	-	-	(100)
Mini C-Arm for Hand Surgery	(72)	-	(72)	-	-	(72)
<b>Available Capital if Proposed Projects are Approved</b>	<b>\$21,147</b>	<b>(\$1,204)</b>	<b>\$19,943</b>	<b>\$388</b>	<b>\$1,100</b>	<b>\$20,738</b>

\* Includes VHN and HMS. Amounts are not reflected individually.

**Halifax Health**  
**Capital Budget**  
**FY 2017 Budget - January 31, 2017 Evaluation**  
**(in Thousands)**

		(A)	(B)	(C)	(A)+(B)+(C)		
		FY 17 Capital Budget	FY17 Adjustments	FY 17 Activity/ Approvals	Remaining Balance as of 1/31/17	Current CIC Submitted Projects	Remaining Capital with CIC Projects Approved
<b>Item</b>	<b>Information Technology</b>						
1	IT Enterprise Projects	\$1,700		(\$698)	\$1,002		\$1,002
2	IT Internal Resource Capitalization	700			700		700
3	Laptop/Desktop Replacement (rolling 4-5 year cycle)	300			300		300
4	WOW Replacement (rolling 7 year cycle) - 50/yr.	200		(198)	2		2
5	Enterprise Infrastructure	100			100		100
	<b>Total Information Technology</b>	<b>\$3,000</b>	<b>\$0</b>	<b>(\$896)</b>	<b>\$2,104</b>	<b>\$0</b>	<b>\$2,104</b>
<b>Item</b>	<b>Medical Equipment</b>						
6	Cath Lab Replacement	\$1,841			\$1,841		\$1,841
7	Vendor Neutral Archive (VNA) for Enterprise Imaging *	1,500		(1,500)	0		0
8	Power equipment (Ortho)	500		(488)	12		12
9	Intraoperative Radiation Therapy - Breast site	425		(441)	(16)		(16)
10	CT Scanner- Big Bore	350			350		350
11	Critical Care Beds	281		(338)	(57)		(57)
12	OeC O.R. C-Arm (One Machine)	225			225		225
13	Power equipment (Neuro)	225		(181)	44		44
14	Replace obsolete surgical tables (6)	220			220		220
15	Prostate Biopsy	170			170		170
16	Med/Surg Beds	163		(153)	9		9
17	IRIS Replacement	150			150		150
18	Robotics Single Site	125			125		125
19	Medical Equipment Emergency Purchases	1,000		(122)	878		878
20	Medical Equipment Projects under \$100,000	1,000		(341)	659		659
	<b>Total Medical Equipment</b>	<b>\$8,174</b>	<b>\$0</b>	<b>(\$3,564)</b>	<b>\$4,610</b>	<b>\$0</b>	<b>\$4,610</b>
<b>Item</b>	<b>Infrastructure/Facilities</b>						
21	T-Zone AHU (Fountain 5, 6, 7)	\$1,000		(\$321)	\$679		\$679
22	CVICU/ CPCU Renovation	816		(816)	-		-
23	Bronch Renovation	381			381		381
24	GI Lab Renovation	280			280		280
25	Lab Roof	265			265		265
26	Ophthalmology Microscope and Room Renovation	258		(187)	71		71
27	Infrastructure Emergency Purchases	1,000		(118)	882		882
28	Infrastructure Projects under \$100,000	1,000		(231)	769		769
	<b>Total Infrastructure/Facilities</b>	<b>\$5,000</b>	<b>\$0</b>	<b>(\$1,673)</b>	<b>\$3,327</b>	<b>\$0</b>	<b>\$3,327</b>
<b>Item</b>	<b>Hospice Capital Expenditures</b>						
29	SE Volusia Air Conditioning Units	\$175			\$175		\$175
30	Remaining Hospice Capital	125			125		125
	<b>Total Hospice Capital Expenditures</b>	<b>\$300</b>	<b>\$0</b>	<b>\$0</b>	<b>\$300</b>	<b>\$0</b>	<b>\$300</b>
<b>Item</b>	<b>Other</b>						
31	Service Expansion	\$3,526		(\$96)	\$3,430		\$3,430
	<b>Subtotal Other Projects</b>	<b>\$3,526</b>	<b>\$0</b>	<b>(\$96)</b>	<b>\$3,430</b>	<b>\$0</b>	<b>\$3,430</b>
	<b>Total HH Capital Expenditures</b>	<b>\$20,000</b>	<b>\$0</b>	<b>(\$6,229)</b>	<b>\$13,772</b>	<b>\$0</b>	<b>\$13,772</b>

\* VNA was approved August 8, 2016 and will be funded over three fiscal years (\$0.3M in FY2016, \$1.5M in FY2017, and \$1.4M in FY2018)

**Halifax Health**  
**FY 2017 and Prior Approved Capital Projects and Expenditures**  
**As of January 31, 2017**  
**(\$ in thousands)**

	Project Approval Date	Total Carryover and Approved	Spent During FY 2017	HMC Remaining to be Spent	HH Holdings Remaining to be Spent	Hospice Remaining to be Spent
<b>Capital funds required for projects approved in FY 2016 and prior</b>						
Deltona FSED	6/6/2016	\$ 3,843	(1,177)	\$ 2,666		
Vendor Neutral Archive (VNA) for Enterprise Imaging	8/8/2016	3,239	(471)	2,768		
Cardiac Cath & Electrophysiology Lab Replacement	10/3/2016	1,841	-	1,841		
Boiler Replacement (3)	8/8/2016	1,605	(258)	1,347		
Patient Monitors- PACU, Holding, L&D	10/3/2016	950	-	950		
Port Orange Equipment Refresh	2/17/2016	746	(476)	270		
Fire Alarm System	3/16/2016 *	700	(13)	687		
SAN Software	10/3/2016	594	-	594		
Med Psych Construction & Furnishings-4-South Fountain Tower	11/2/2015	489	(384)	106		
Endoscopic Ultrasound for GI with Video Scopes (Qty 4)	8/24/2016 *	470	-	470		
AHU (x2) for Ormond ROC	6/6/2016	328	(60)	268		
Air Handling Units (Qty 2) for HHPO	6/6/2016	320	(186)	134		
Access Control System - Replacement of WinPak	11/2/2015	243	(122)	121		
Air Handling Unit #5 for Facility Expansion Roof	8/24/2016 *	231	(3)	228		
Bronchoscopes (Qty 3) and Navigation Cart	6/6/2016	200	(200)	-		
Hemodynamic Patient Monitors (x10)	8/8/2016	198	-	198		
Laptops (x50) and Desktops (x200) Replacement	10/3/2016	190	-	190		
Air Handling Unit #1 for SPD Area	8/24/2016 *	189	(3)	186		
Chiller #1 for HHPO	3/7/2016	183	(19)	164		
Neurosurgical Power Equipment	9/21/2016 *	181	-	181		
Data Center Cooling Replacement	9/21/2016 *	163	-	163		
Outpatient Rehab JV Renovations	6/6/2016	137	-	137		
Ormond Beach Urgent Care Construction & Equipment	12/7/2015	111	(111)	-		
Ormond Beach Resale Shop	8/24/2016	108	(4)	-		104
GI Lab for HHPO	1/8/2016	106	(65)	40		
Pump Speed Controls for Heart-Lung Machines (Qty 3)	9/21/2016 *	100	-	100		
Electrical Panel Replacement (x18)	11/2/2015	94	(60)	34		
Video System for Vessel Harvest-CVOR	12/7/2015	85	(46)	39		
Ultrasound for OB Diagnostics	10/3/2016	74	-	74		
OneView Physician Quality Reporting Software	6/6/2016	72	(24)	48		
Pulmonary Function Tester	8/24/2016 *	68	-	68		
Keech Pediatric Clinic Renovations	8/8/2016	68	(48)	19		
Carescape Patient Monitor Upgrade	8/8/2016	64	-	64		
Kronos Time & Attendance and Workforce Scheduler	6/1/2015	54	(54)	-		
Subtotal of approved items less than \$100k		1,292	(506)	773	-	13
<b>Total Capital funds required for projects approved in FY 2016 and prior</b>		<b>\$ 17,465</b>	<b>\$ (3,551)</b>	<b>\$ 13,810</b>	<b>\$ -</b>	<b>\$ 104</b>
<b>FY2017 Board Approved Capital Projects</b>						
Cardiac Cath & Electrophysiology Lab Replacement	11/7/2016 ^	\$ 1,841	\$ (2)	\$ 1,839		
Patient Monitors- PACU, Holding, L&D	11/7/2016 ^	950	-	950		
Laptops (x50) and Desktops (x200) Replacement	11/7/2016 ^	190	-	190		
Ultrasound for OB Diagnostics	11/7/2016 ^	74	-	74		
CVICU & CPCU Renovation	12/5/2016	816	-	816		
SAN Software	12/5/2016 ^	594	-	594		
Endoscopic Ultrasound for GI with Video Scopes (Qty 4)	12/5/2016 ^	441	-	441		
WOW Carts (Qty 55)	12/5/2016	198	-	198		
Pulmonary Function Tester	12/5/2016 ^	68	-	68		
Intrabeam Radiation System	1/9/2017	441	-	441		
Fountain Building Waterproofing and Repairs	1/9/2017	118	-	118		
New Smyrna Family Practice Equipment and X-Ray Upgrade	1/9/2017	96	-	96		
<b>Total FY 2016 Board Approved Capital Projects</b>		<b>\$ 5,827</b>	<b>\$ (2)</b>	<b>\$ 5,825</b>	<b>\$ -</b>	<b>\$ -</b>
<b>FY 2017 Other Approved Capital Projects</b>						
Subtotal of approved items less than \$50k		581	(14)	517	50	-
<b>Total FY 2016 Other Approved Capital Projects</b>		<b>\$ 581</b>	<b>\$ (14)</b>	<b>\$ 517</b>	<b>\$ 50</b>	<b>\$ -</b>
<b>Projects proposed for Board of Commissioners approval</b>						
SAN Hardware	11/16/2017 *	\$ 477	-	\$ 477		
Surgical Power Equipment- Small Bone Orthopedics	10/19/2017 *	471	-	471		
Beds & Mattresses (Qty 16) for IMC	12/21/2017 *	338	-	338		
AHU #1 for SPD	1/18/2017 *	321	-	321		
Ophthalmic Microscope, Surgical Light, Lens & Renovation of OR #1	1/18/2017 *	187	-	187		
Neurosurgical Power Equipment	9/21/2016 *, ^	181	-	181		
Beds & Mattresses (Qty 25)	12/21/2017 *	153	-	153		
Network Switches & Installation for Patient Monitoring	10/22/2017 *	141	-	141		
Plasma Pheresis Systems (Qty 5)	12/21/2017 *	122	-	122		
Pump Speed Controls for Heart-Lung Machines (Qty 3)	9/21/2016 *, ^	100	-	100		
Mini C-Arm for Hand Surgery	11/16/2017 *	72	-	72		
<b>Total Project(s) proposed for Board approval</b>		<b>\$ 2,562</b>	<b>\$ -</b>	<b>\$ 2,562</b>	<b>\$ -</b>	<b>\$ -</b>

\* Project approved by CIC Committee. Project not yet submitted to Board for approval.

^ CIC approved project in FY 2016

## CAPITAL EXPENDITURES & OPERATING LEASES

Audit & Finance Committee

March 1, 2017

### **Capital Expenditures \$50,000 and over**

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Emergency Replacement of Air Handling Units #1, #3, #4, and #5	Facility Operations Department	Working Capital	\$1,643,356
Ophthalmology Microscope with Lens and Digital Recorder	Surgical Services	Working Capital	\$130,000
HVAC Units Southeast Volusia Care Center	Halifax Health Hospice	Working Capital	\$83,128
Minimally Invasive Valve Replacement Instrumentation and Video System	Surgical Services	Working Capital	\$73,010

### **Operating Leases \$250,000 and over**

DESCRIPTION	DEPARTMENT	REPLACEMENT Y/N	LEASE TERMS	INTEREST RATE	MONTHLY PAYMENT



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
CC: Alberto Tineo, Vice President Operations  
Mark Billings, Executive Vice President and Chief Operating Officer  
DATE: February 10, 2017  
RE: Emergency Replacement of Air Handling Units #1, #3, #4, and #5

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The Halifax Health Facility Operations Department is requesting funds to replace four (4) air handling units. These units cover the operating room suites and instrument sterile processing area of the Fountain Building. The existing air handling units are 24 years old and do not consistently maintain temperature and humidity levels. Regulations require consistent maintenance of total air changes per hour, temperature and humidity.

The replacements of these units were included in the 2017 or 2018 capital plans and are being accelerated to support patient care operations. Delaying the replacement of the equipment would be detrimental to the interest of the District and its patients. In order to reduce the risks associated with any further delay in the replacement of this equipment, a Resolution of the Board of Commissioners has been prepared that would provide an emergency authorization for the capital expenditure and relief from complying with bidding procedures. This Resolution will be presented for approval at the next Board of Commissioners meeting scheduled for March 6, 2017.

**TOTAL CAPITAL COST      \$1,643,356**

**Attachment – Resolution of the Board of Commissioners**

## RESOLUTION

WHEREAS, Chapter 2003-374 of the Laws of Florida (the "Enabling Act") prescribes certain bidding requirements for Halifax Hospital Medical Center (the "District") regarding purchases of supplies, commodities, equipment, and materials for its hospital and patient care facilities; and

WHEREAS, the Enabling Act additionally provides for an exception to such bidding requirements in the event the District determines that by reason of an emergency or other unusual condition, the compliance with the bidding procedure would be detrimental to the interests of the District or its patients; and

WHEREAS, the District has determined that such an emergency or other unusual condition existed with respect to air handler units one, three, four, and five servicing the operating room suites and the instrument sterile processing area; and

WHEREAS, the District desires to authorize modification of the patient bathroom/shower facilities and treatment areas without complying with the standard bidding procedure.

NOW THEREFORE BE IT RESOLVED that:

1. The District hereby finds that an emergency condition existed with respect to air handler units one, three, four, and five which cover the operating room suites and instrument sterile processing area. These units are unable to maintain temperature and humidity levels. Regulations require consistent maintenance of total air changes per hour, temperature and humidity. The replacements of these units were included in the 2017 or 2018 capital plans and are being accelerated to support patient care operations.

2. The District finds it is in the best interests of the District and its patients to engage a contractor on an immediate basis to perform the replacement of the aforementioned air handler units to continue providing quality patient care. The District further finds that compliance with the bidding procedure set forth in the Enabling Act would have been detrimental to the interests of the District and its patients.

3. The District therefore authorizes expenditure of an amount not to exceed \$1,643,356.00 for the replacement of air handler units one, three, four, and five.

DONE AND RESOLVED this \_\_\_\_ day of March, 2017.

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Chairman

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Secretary



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Catherine Luchsinger, RN, Chief Nursing Officer  
DATE: February 14, 2017  
RE: Ophthalmology Microscope with Lens and Digital Recorder

---

Halifax Health Surgical Services is requesting funds to purchase a portable ophthalmology microscope, wide-angle lens and a digital video recorder. The equipment will be located at Twin Lakes Surgery Center and will allow surgeons to schedule ophthalmology procedures in an outpatient setting. These procedures are currently performed at the main campus operating room suites.

This project was approved at the Capital Investment Committee meeting on January 18, 2017.

**TOTAL CAPITAL COSTS    \$130,000**



## Halifax Health Project Evaluation

### Ophthalmology Microscope with Lens and Digital Recorder

Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Director, Surgical Services:	Deborah Moore
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

The project is to purchase a portable microscope, wide angle lens, and digital video recorder for use at Twin Lakes Surgery Center.

#### Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

#### Cornerstone:

Safety	X
Compassion	
Image	
Efficiency	X

**Investment Request for Approval**     **\$130,000**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
CC: Mary Jo Allen, Executive Director-Halifax Health Hospice  
DATE: February 15, 2017  
RE: HVAC Units Southeast Volusia Care Center

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Halifax Health Hospice is requesting funds to replace three non-operational HVAC units. The units cannot be repaired.

The existing HVAC system is non-operational for approximately ninety percent of the building. Hospice is currently renting temporary systems at a cost of \$1,775 per month. In addition, individual portable coolers are being used in each patient room.

The project was approved at the Capital Investment Committee on February 15, 2017.

**TOTAL CAPITAL COSTS    \$83,128**



## Halifax Health Project Evaluation

HVAC Units Southeast Volusia Care Center		
Chief Financial Officer:		Eric Peburn
Executive Director, Hospice:		Mary Jo Allen
Finance Analysis by:		Steve Mach

### Summary

**Purpose:**

This project is to replace three non-operational HVAC units at the Halifax Health Hospice Southeast Volusia Care Center.

**Strategic Plan Core Competency Achievement:**

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

**Cornerstone:**

Safety	X
Compassion	
Image	X
Efficiency	

**Investment Request for Approval**    **\$83,128**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Catherine Luchsinger, RN, Chief Nursing Officer  
DATE: February 15, 2017  
RE: Minimally Invasive Valve Replacement Instrumentation and Video System

---

Halifax Health Surgical Services is requesting funds to purchase surgical instrumentation and a video system to perform minimally invasive valve replacement procedures in the Cardiovascular Operating Room (CVOR).

The purchase will allow Halifax Health surgeons to perform both aortic and mitral valve replacement through much smaller incisions. The new procedure will result in less surgical trauma for the patient, reduced hospital stays and shorter recovery time for the patient.

With the new equipment and procedural technique, additional patient volume is projected, which will result in a pay back of the project cost in slightly more than one year.

The project was approved at the Capital Investment Committee meeting on February 15, 2017.

**TOTAL CAPITAL COSTS    \$73,010**



## Halifax Health Project Evaluation

### Minimally Invasive Valve Replacement Instrumentation and Video System

Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Director, Surgical Services:	Deborah Moore
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project is to purchase surgical instruments and video system to perform minimally invasive valve replacement procedures.

#### Strategic Plan Core Competency Achievement:

Physician Integration	X
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	
Financial Position	X
Scale	
Managed Care Contracting	
Competitive Position	X

#### Cornerstone:

Safety	X
Compassion	X
Image	X
Efficiency	X

#### Investment/Return:

	Investment Cash Flow	Operations Cash Flow	Cumulative Cash Flow
Year 0 <sup>1</sup>	(\$73,010)	\$0	(\$73,010)
Year 1	\$0	\$77,113	\$4,103
Year 2	\$0	\$123,526	\$127,628
Year 3	\$0	\$125,996	\$253,624
Year 4	\$0	\$128,516	\$382,140
Year 5	\$0	\$131,086	\$513,227
Terminal Value <sup>2</sup>	\$0	\$0	\$513,227

Decision Metrics	
Required rate of Return	10.5%
Internal Rate of Return (IRR)	131.4%
5 Year Net Present Value (NPV)	\$356,526
Payback Period (in Years)	0.9

**Investment Request for Approval** \$73,010

<sup>1</sup> Includes capital acquisition and project startup costs

<sup>2</sup> Terminal value is estimated at 0, assumes technology is obsolete after 5 years

**Halifax Health Medical Center  
Capital Disposals  
March 2017**

The Board hereby deems the following property to be surplus in that: the items are obsolete, their continued use would be uneconomical or inefficient, or they serve no useful function. Disposition of said property is therefore authorized pursuant to Florida Statutes, Chapter 274.

Asset #	Description	Department	Date Purchased	Original Cost	Book Value
45763	MINI DRIVER SET	OR	04/01/94	17,856.35	-
45764	MINI DRIVER SET	OR	03/16/94	2,214.00	-
46246	MINI DRIVER SET	OR	03/09/94	10,376.00	-
49728	DRILL, SAGITTAL SAW	OR	07/26/01	7,891.97	-
0032183	MAXI-DRIVER W/ATTACHMENTS	OR	03/01/85	10,962.87	-
0036075	SAW-OSCILLATING	OR	02/01/88	1,578.25	-
0038252	SAW-OSCILLATING	OR	12/01/88	1,806.00	-
50099	LASERJET PRINTER	RESPIRATORY	09/25/02	1,424.00	-
40889	PULSE OXIMETER NELLCOR	RESPIRATORY	03/18/91	2,100.50	-
52228	EEG PORTABLE UNIT	NEURODIAGNOSTICS	8/5/2003	21,900.00	-
52368	BIPHASIC LIFE PAK 12	NUCLEAR MEDICINE	5/13/2003	9,073.65	-
52369	BIPHASIC LIFE PAK 12	NUCLEAR MEDICINE	5/13/2003	9,073.65	-
Total to be disposed				<u>\$ 96,257.24</u>	<u>\$ -</u>

# Halifax Health Audit & Finance Committee

Request Tracker/Checklist

Meeting Date	Request	Projected Timeline	Frequency of Future Updates/Reports	Completed (Y/N)	Other
January 4, 2017	Summary Report, Timeline and List of Controls Related to Physician Contracts and Payments	60 Days, March 1, 2017 Committee Meeting	N/A		



# HALIFAX HEALTH

TO: Ted Serbousek, Chairman, Audit and Finance Committee  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
CC: Shelly Shiflet, Vice President and Chief Compliance Officer  
DATE: February 14, 2017  
RE: Physician Arrangements Control Procedures and Processes

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Pursuant to your request, below are the procedures and processes identified as controls for physician arrangements, inclusive of physician payments and contracts. The controls are designed to provide assurance that physician arrangements and payments are performed in compliance with applicable laws and regulations. Certain terms referred to below are defined in the Appendix to this memo.

Unless otherwise specified, the controls and processes identified below were in place at the inception of the CIA.

## **Physician Arrangement Review Committee ("PARC")**

1. Contracts between Halifax Health and physicians are required to be approved by PARC prior to execution. Each contract must include a fair market value (FMV) opinion and a support of commercial reasonableness memo. FMV opinions must be prepared by a Qualified Independent Third Party (selected by the Chief Financial Officer) for arrangements above the 75<sup>th</sup> percentile of the relevant market. PARC is scheduled to meet every two weeks. If any member objects to the contract, the contract does not move forward.

## **Contract Execution**

2. The President and Chief Executive Officer is the only individual authorized to execute contracts between a physician and Halifax Health. (The Executive Director of Hospice is authorized to execute contracts between Hospice and physicians for Hospice consulting agreements<sup>1</sup>).

## **Manager of Physician Arrangements**

3. The Manager of Physician Arrangements and Development position was created in 2016 to review calculations used for physician payments and ensuring data is collected and compiled in a consistent manner.

## **Physician Contracts Manager**

4. Since October 2014, the Physician Contracts Manager reviews all payments made to physicians through Accounts Payable to ensure the payment document matches the

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<sup>1</sup> Hospice consulting agreements – under the Hospice benefit, patients have the right to visit non-Halifax providers for matters related to the terminal illness. If this occurs, Medicare will not pay the other provider separately, but rather, will tell the non-Halifax provider to bill Hospice.

contract and the contract was in effect for the dates of service. The CFO and others reviewed these payments from July 2014 (implementation deadline for the CIA) to September 2014.

5. Since April 2016, the Physician Contracts Manager reviews all incentive payments made to physicians through Kronos (payroll system) to ensure the payment document matches the contract and the contract was in effect for the dates of service.
6. Beginning January of 2017 and on an annual basis, the Physician Contracts Manager confirms that the bi-weekly payment terms for all employed physicians are correctly entered into Kronos.
7. Beginning January 2017, the Physician Contracts Manager reviews retroactively each month's bi-weekly payroll payments to all physicians that are paid on the basis of shift rates, i.e. E.R. physicians, hospitalists and intensivists.

#### **External Legal Counsel Review**

8. In February 2015, all physician contracts were sent to the law firm, Krieg Devault, LLP, for evaluation with respect to technical compliance with regulations (i.e. Stark, Anti-Kickback), compensation, fair market value, commercial reasonableness and stacking concerns. Issues identified in the review were corrected.
9. On an annual basis, the LIRO reviews 75 randomly selected physician contracts and all associated payments (made within the CIA year). The report is sent to the OIG.
10. In years 1 and 4 of the CIA, the LIRO performs an Arrangements Systems Review consisting of a review of Halifax's systems, policies, processes and procedures with respect to Focus Arrangements, including physician contracts.

#### **Compliance Department ("Compliance")**

11. Annually, Compliance performs tests of the Focus Arrangement Tracking system, which includes matching focus arrangement payments to the appropriate executed contract. The sample includes both physicians and non-physician contracts.
12. Compliance has enhanced its annual education to include practical issues that have arisen over the past year. Any employee with the title of manager or above must complete an additional two hours of Arrangements training focused on Stark and Anti-Kickback in addition to the 1 hour of General Compliance Training. The Arrangements Training is also required for all administrative assistants, marketing, accounting, audit, finance, purchasing, medical staff who are party to a focus arrangement (as required by the CIA), and purchasing.
13. Beginning November 2015, Compliance performs a weekly review of all contracts uploaded to the contract management system, Novatus. The purpose of the review is to ensure all contracts that represent focus arrangements, including physician contracts, are tagged appropriately and otherwise follow the internal controls.
14. Annually, Compliance asks each manager to certify whether they are aware of any compliance issues that have not been disclosed. The results are then provided to executive leadership so that they can certify in compliance with the CIA that Halifax is compliant with the CIA and federal regulations. The Board of Commissioners must then issue an annual resolution that they have made a reasonable inquiry into the operations

of the compliance program and believe Halifax has implemented a reasonable compliance program to comply with federal regulations and the CIA.

### **Volusia Health Network ("VHN")**

15. VHN, the third party administrator that processes call network payments to physicians, has a process in which the contract is verified before a claim is paid to a physician on behalf of Halifax Health. In January 2017, improvements were made to the contract validation process in response to clerical errors in claims processing by VHN. The improved process requires VHN staff to verify the contract is active directly in Novatus, Halifax Health's contract management system. Prior to these improvements, VHN maintained its own list of active contracts, which may not be updated for changes in contract terms, additions and terminations of contracts.

### **Regulatory Filings**

16. External consultants are engaged to review the annual Medicare/Medicaid cost report and State of Florida Agency for Healthcare Administration (AHCA) financial and statistical report. These reviews include evaluating risk areas related to the classification of reported expenses.
17. Based upon the results of a review conducted by the Compliance Department in 2014, the Finance Department developed a process to evaluate whether physician costs were properly included/excluded on Schedule A-8-2 of the Medicare/Medicaid cost report.

### **Physician Leasing Arrangements**

18. The Leasing Coordinator, a position within the Finance Department, reviews physician leases and support services provided, and periodically inspects leased premises, to ensure space utilized and any support services are reflected in leasing arrangements and included in the evaluation of fair market rental amounts.

## **Appendix - Definitions**

### **Appendix**

#### **Definitions –**

- CIA – Corporate Integrity Agreement. Executed 3/10/14 between Halifax Hospital Medical Center, and the Office of Inspector General (OIG) of the Department of Health and Human Services.
- LIRO – Legal Independent Review Organization. Halifax contracted with the law firm Baker, Donelson, Bearman, Caldwell & Berkowitz, P.C. (formerly Ober Kaler) to perform an annual review of 75 physician contracts and periodic review of the Focus Arrangements Tracking System.
- Focus Arrangement – an arrangement between Halifax and any source of health care business or referrals, or is between Halifax and any physician or their immediate family member who makes referrals.
- PARC – Physician Arrangement Review Committee. Committee consisting of the CFO, COO, CRO, Director of Research and Planning, General Counsel, Assistant General Counsel, Chief Compliance Officer, Executive Director of Physician Services, Manager of Physician Arrangements and Development, and Physician Contract Manager.

## Halifax Health Committee Meetings, Revised 2017 Schedule

Finance, Audit, Investment, Orientation/Strategic Planning, Board of Commissioners (All Meetings - 4 p.m., France Tower, Conference Room A)

Month	Month End Financial <sup>1</sup>	Date	Investment Committee <sup>2</sup>	Audit Committee	Finance Committee	Orientation/Strategic Planning <sup>3</sup>	Board of Commissioners <sup>4</sup>
January	11/30/16	Wednesday, January 04, 2017		X	X		
		Monday, January 9, 2017					X
February	12/31/2016 *	Wednesday, February 01, 2017		X*	X*		
		Monday, February 6, 2017					CANCELLED
		Monday, February 13, 2017	Rescheduled to March 27				
March	1/30/17	Wednesday, March 01, 2017			X		
		Monday, March 6, 2017					X
		Monday, March 27, 2017	X				
April	3/31/17	Monday, April 3, 2017				X	
		Wednesday, April 26, 2017		X	X		
May		Monday, May 1, 2017					X
		Monday, May 08, 2017	X				
June	5/31/17	Monday, June 5, 2017				X	
		Wednesday, June 28, 2017		X	X		
July		Monday, July 3, 2017					Rescheduled to July 10
		Monday, July 10, 2017					X
August	7/31/17	<b>Budget Workshop (BOC &amp; Finance)</b>				X	
		Monday, August 7, 2017				X	
		Monday, August 14, 2017	X				
		Wednesday, August 30, 2017		X	X		
September		Tuesday, September 5, 2017					X
		<b>First Public Hearing - September 5, 2017</b>					
		<b>Final Public Hearing - TBD</b>					
October		Monday, October 2, 2017				X	
November	9/30/17	Wednesday, November 1, 2017		X (external audit only)	X		
		Monday, November 6, 2017					X
		Monday, November 13, 2017	X				
December		Monday, December 4, 2017				X	
January	11/30/17	Wednesday, January 3, 2018		X	X		
		Monday, January 8, 2018					X

<sup>1</sup> Monthly Financial Report Distributed by the last Wednesday of each month or the Wednesday prior to the Finance Committee meeting.

<sup>2</sup> Advertise Audit & Finance Committee Meeting to Follow Investment Committee, if needed.

<sup>3</sup> Orientation/Strategic Planning: could incorporate other pertinent meetings (i.e. Budget Workshop) as needed.

<sup>4</sup> No Regular Board of Commissioners Meetings: February 6, April 3, June 5, August 7, October 2, December 4.

\*Not Repeated in 2018



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Eric Peburn, Executive Vice President and Chief Financial Officer  
CC: Mary Jo Allen, Executive Director, Halifax Health Hospice and Palliative Care  
DATE: February 22, 2017  
RE: Proposed Revisions to Halifax Health Care at Home Governance

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## **Background**

Halifax Health, through its affiliate East Volusia Health Services, Inc. (EVHS), and Council on Aging (COA) entered into an affiliation agreement and a management agreement with an effective date of June 16, 2012. The affiliation agreement established 50/50 membership interest in DASS (d/b/a Halifax Health Care at Home or "HHCAH"). The management agreement established that Halifax Hospital Medical Center (HHMC) would be responsible for the management of HHCAH, a Medicare certified home health agency.

Since June 2012, HHCAH has operated at a loss and has accumulated deficit equity. Funding of cash flow deficiencies has been provided by HHMC. As of December 31, 2016, the deficit net position of HHCAH attributable to COA is approximately \$750,000. COA has informed us that they are not in a financial position to fund any significant portion of the deficiency at this time. Home health services continue to be an important element of the Halifax Health continuum of care and supportive of our efforts to reduce hospital length of stay.

## **Resolution**

We have come to agreement with COA President & Chief Executive Officer, Sarah Gurtis, to reorganize HHCAH, which would result in an increase in the ownership interest by Halifax Health and forgiveness of the prior working capital deficit owed by COA. Specifically, we have agreed in principal to the following:

1. Halifax Health will forgive COA's portion of the net position deficiency in exchange for 45% of their membership interest. COA will retain a 5% membership interest and one seat on the HHCAH board.
2. COA will forgive a working capital note payable of \$50,000 (currently payable from HHCAH to COA).
3. Any future net deficit increases will be funded by contributions by COA of 5% of any such increases. Should COA be unable or unwilling to contribute, as needed, their 5% membership interest may be canceled.
4. Once HHCAH achieves a positive net position, COA will be entitled to 5% equity distributions, computed and paid on a quarterly basis.

**Actions Required**

Approval by the EVHS board of directors (same as Halifax Health Board of Commissioners) of the following agreements is required.

1. First Revision to Affiliation Agreement
2. Amended Bylaws
3. Amended Articles of Incorporation

In addition, the EVHS board of directors must appoint the five EVHS members to the HHCAH board of directors. Management recommends the following individuals for appointment:

1. Eric Peburn
2. Arvin Lewis
3. Alberto Tineo
4. Kent Bailey
5. Darlene Wright

The COA board of directors are meeting on April 5, 2017 to consider these agreements for approval and appointing Sarah Gurtis as the COA representative to the HHCAH board of directors.

**FIRST REVISION TO AFFILIATION AGREEMENT AMONG EAST VOLUSIA  
HEALTH SERVICES, INC., DAYTONA AREA SENIOR SERVICES, INC., AND  
THE COUNCIL ON AGING OF VOLUSIA COUNTY, INC.**

This First Revision to Affiliation Agreement, effective \_\_\_\_\_, 2017 (“Revised Agreement”), is between EAST VOLUSIA HEALTH SERVICES (“EVHS”), DAYTONA AREA SENIOR SERVICES (“DASS”), and the COUNCIL ON AGING OF VOLUSIA COUNTY (“COA”).

**WHEREAS**, EVHS, DASS and COA entered into an Affiliation Agreement effective June 16, 2012 (“Original Agreement”), which, among other things:

1. entitled COA to 50% membership of DASS and to appoint three (3) of the six (6) members of the Board of Directors of DASS,
2. provided for excess cash flows of DASS to be distributed to various entities at the discretion of the DASS Board on a quarterly basis, and
3. indebted DASS to COA in the amount of \$50,000.00 for working capital, as evidenced by a PROMISSORY NOTE from DASS to COA dated June 16, 2012 in the amount of \$50,000.00 (Exhibit A);

**WHEREAS**, EVHS solely has funded significant losses in excess of \$1,400,000.00 incurred by DASS since June 16, 2012, 50% of such losses represent a working capital funding obligation (“Prior Funding Obligation”) of COA as co-member of DASS; and

**WHEREAS**, COA is willing to reduce its ownership of DASS from 50% to 5%, forgive the \$50,000.00 debt owed to it by DASS (Exhibit A), and reduce its membership on the Board of Directors to one (1) of the six (6) members in exchange for EVHS forgiving the Prior Funding Obligation and funding 95% of any such working capital funding obligations in the future.

**NOW THEREFORE**, effective \_\_\_\_\_, 2017, the parties agree as follows:

1. COA will transfer 45% of its membership of DASS to EVHS;
2. COA will forgive the \$50,000.00 debt owed to it by DASS (Exhibit A);
3. COA will be entitled to appoint one (1) member of the six (6) members of the Board of Directors and EVHS will be entitled to appoint five (5) members;
4. EVHS will forgive the Prior Funding Obligation;

5. COA will fund 5% of any future working capital funding obligations for DASS on a quarterly basis and agrees that EVHS and DASS may cancel COA's 5% membership interest in DASS should COA be unable or unwilling to contribute the funds when due;
6. Any operating profits of DASS will be paid first to EVHS until the net position of DASS is a positive amount;
7. If and when DASS achieves a positive net position, COA will be entitled to 5% equity distributions of DASS operating profits, computed and paid on a quarterly basis;
8. All provisions of the Original Agreement not in conflict herewith will remain in full force and effect;
9. DASS will complete and submit any and all necessary filings to the State of Florida in order to implement this Revised Agreement, including amended DASS Articles of Incorporation; and
10. This Revised Agreement and the non-conflicting provisions of the Original Agreement will remain in effect until either EVHS or COA relinquish or lose its membership, or DASS is dissolved.

By signing this Revised Agreement, each party certifies that it has been provided with a copy of the Halifax Hospital Medical Center ("Halifax") Arrangement Policies and Procedures, including its Code of Conduct, its Physician Referral and Anti-Kickback and Stark Law policies and procedures ("Policies and Procedures") and agrees that it will conform its interactions with Halifax consistent with the Policies and Procedures.

**IN WITNESS WHEREOF**, the parties have entered into this Revised Agreement as of the Effective Date.

**EAST VOLUSIA HEALTH SERVICES, INC.**

By:\_\_\_\_\_

Name:\_\_\_\_\_

Title:\_\_\_\_\_

**DAYTONA AREA SENIOR SERVICES, INC.**

By:\_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**COUNCIL ON AGING OF VOLUSIA COUNTY, INC.**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## Exhibit A

### PROMISSORY NOTE

\$ 50,000.00

June 16, 2012  
Daytona Beach, FL

FOR VALUE RECEIVED, the undersigned (the "Maker") promises to pay to the order of COUNCIL ON AGING OF VOLUSIA COUNTY, INC. ("Holder"), 160 North Beach Street, Daytona Beach, Florida, or at such other place as the holder of this note may designate in writing, the principal sum of FIFTY THOUSAND and 00/100 DOLLARS (\$50,000.00) in the following manner:

This Note shall be payable on demand.

1. Interest. No interest shall accrue on the outstanding balance due and payable hereunder.

2. Default. If default be made in the payment of principal under this Note when demand is made for the same or in the performance of any of the terms of this Note, and such default continues for five (5) business days, then at the option of the Holder, the entire principal sum remaining unpaid, together with accrued interest, expenses and costs of collection, shall become immediately due and payable. Failure to exercise the option to accelerate shall not constitute a waiver of the right to exercise the same in the event of any subsequent default.

3. Default Interest Rate. After occurrence of a default, all amounts then outstanding hereunder shall thereafter bear interest at the highest rate allowable by law.

4. Maximum Interest. The total interest payable under this Note in any one year shall not exceed the highest lawful rate of interest in Florida. In the event that interest in excess of the highest lawful rate shall be paid or collected at any time, the amount of such excess shall be applied on the unpaid principal of the indebtedness as of the time of such payments, and the interest shall be re-computed so as not to exceed the highest lawful rate.

5. Governing Law and Venue. This note shall be governed and construed in accordance with the laws of the State of Florida, without regard to its conflicts of laws principles. In the event of any litigation arising out of or relating to this note, such litigation shall be brought exclusively in the courts of the State of Florida, County of Volusia, and Maker hereby consents and submits to the jurisdiction of such courts. The prevailing party to any such litigation shall be entitled to recover from the non-prevailing party reasonable attorneys' fees and costs incurred by the prevailing party as a result of such litigation, whether incurred at trial, on appeal, or in connection with a bankruptcy proceeding.

6. Waiver. The undersigned waive presentment, demand, protest, notice, notice of protest, dishonor, notice of maturity, notice of non-payment on maturity or otherwise.

7. Number. Whenever the singular number is used in this note, the same shall include the plural and vice versa.

Intending to be legally bound hereby, the undersigned have executed this note as of the date first written above.

Note: Documentary Stamp  
Tax required by Florida Statutes  
Section 201.08 in the amount of  
\$175.00 has been paid by the  
Maker of this Note.

E. Douglas Beach  
DAYTONA AREA SENIOR SERVICES,  
INC.  
By: E. Douglas Beach  
Title: as CEO of COA, member

**AMENDMENT TO BY-LAWS  
OF  
DAYTONA AREA SENIOR SERVICES, INC.**

Adopted \_\_\_\_\_, 2017

Pursuant to Article VI of the Amended and Restated By-Laws of Daytona Area Senior Services, Inc., adopted June 16, 2012, the corporation adopts the following amendments to its by-laws.

1. Article III., section 3., of the By-Laws is amended as follows:

Qualifications and Election:

All members of the Board of Directors shall be at least 18 years of age, a citizen of the United States and of the State of Florida. Members of the Board of Directors shall be appointed by the members of the corporation. COA shall have the right to appoint one (1) of the six Directors (the "COA Director"), and EVHS shall have the right to appoint five (5) of the six Directors (the "EVHS Directors," or each an "EVHS Director"). COA shall have the right to remove the COA Director, and EVHS shall have the right to remove the EVHS Directors.

2. Article IV., Section 1., of the By-Laws is amended as follows:

Officers

The Officers of the Corporation shall be a President, a Vice President, a Secretary, and a Treasurer, each of whom shall be a Director. They shall be elected by the Board of Directors at the annual meeting of the Board. Their terms shall be one (1) year but each Officer can serve in an office for an infinite number of consecutive terms at the discretion of the Board. The Officers of the Corporation shall be one and the same as the Officers of the Board of Directors. The Officers shall assume the duties of their respective offices immediately upon election, and shall serve until their successors are elected. A single individual may serve in more than one office at any given time.

3. The amendment was adopted on \_\_\_\_\_, 2017, by the

affirmative vote of a super-majority of the Board of Directors.

IN WITNESS WHEREOF, the undersigned president of the corporation has executed this Amendment on \_\_\_\_\_, 2017.

\_\_\_\_\_

\_\_\_\_\_, President  
Printed Name

**ARTICLES OF AMENDMENT  
TO  
ARTICLES OF INCORPORATION  
OF  
DAYTONA AREA SENIOR SERVICES, INC.  
N95000003939**

Pursuant to the provisions of section 617.1006, Florida Statutes, the undersigned Florida not for profit corporation adopts the following articles of amendment to its articles of incorporation.

1. Article 3., section 8., of the Articles of Incorporation is amended as follows:

8. Upon the dissolution of the corporation, the Board of Directors shall, after paying or making provisions for the payment of all of the liabilities of the corporation, dispose of all of the assets of the corporation by distributing them as follows: (a) five percent (5%) to the Council on Aging of Volusia County, Inc.; provided that, if the Council on Aging of Volusia County, Inc. is not then described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code") and exempt from federal income taxation under Section 501(a) of the Code (or the corresponding provisions of any future United States Internal Revenue Law), that five percent of the remaining assets of the corporation shall be distributed to an organization that is then so described and exempt selected by the Board of Directors; and (b) ninety five percent (95%) to East Volusia Health Services, Inc.; provided that, if some or all of the income of East Volusia Health Services, Inc. is not then excluded from gross income as income derived from the exercise of an essential governmental function and accruing to a State or political subdivision thereof, all within the meaning of Section 115(1) of the Code, that ninety five percent of the remaining assets of the corporation shall be distributed to, or as directed by, the Halifax Hospital Medical Center, a special tax district, public body corporate and politic of Florida, created by Chapter 2003-374, Laws of Florida.

2. The date of the adoption of the amendment was \_\_\_\_\_, 2016.

3. There are no members entitled to vote on the amendment. The amendment was adopted by the Board of Directors.

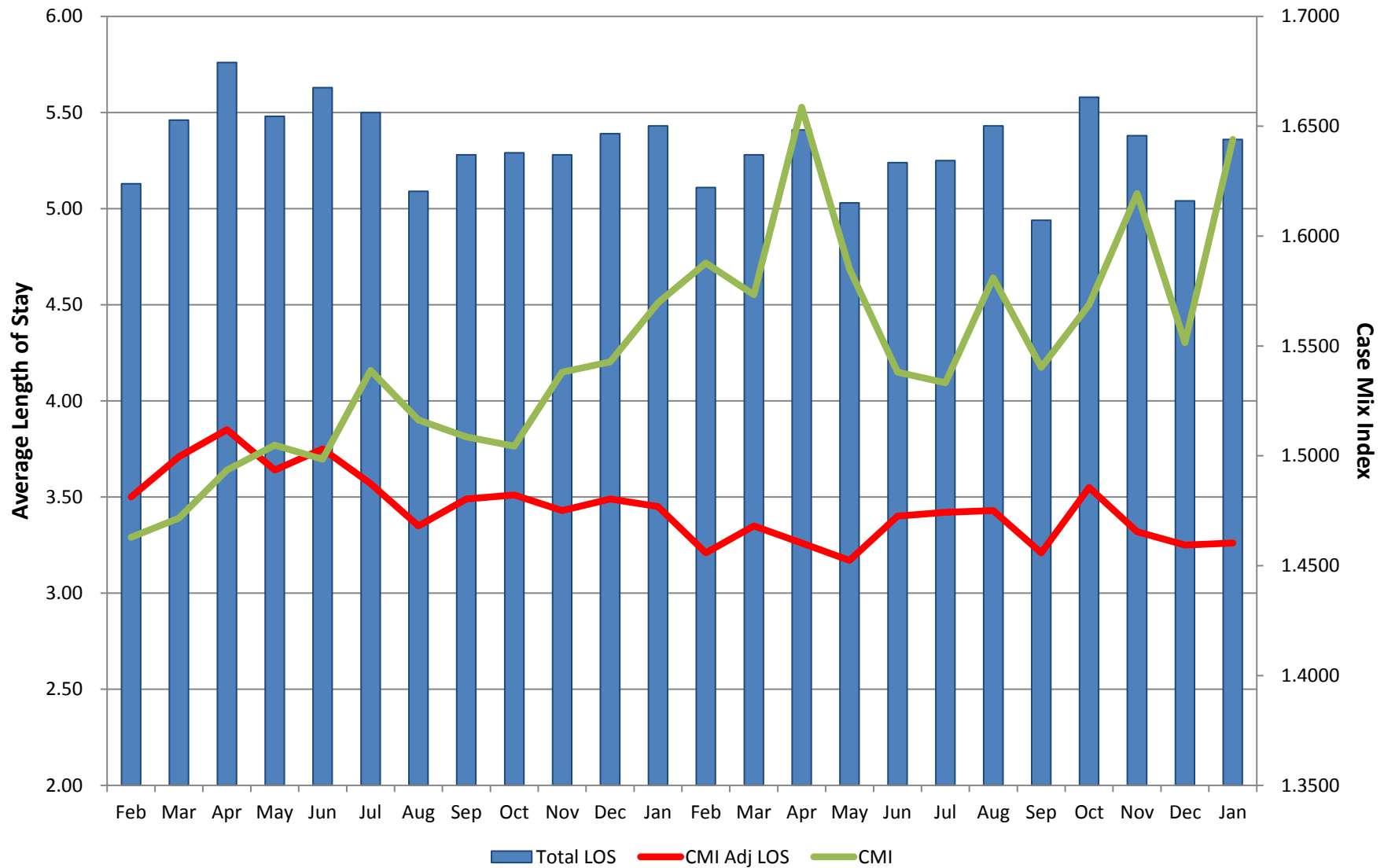
IN WITNESS WHEREOF, the undersigned president of the corporation has executed these Articles of Amendment on \_\_\_\_\_, 2016.

\_\_\_\_\_  
\_\_\_\_\_, President  
Printed Name

## Discharged Based - Average Length of Stay and Case Mix Index

24 Months Ended January 31, 2016

Excludes Newborns and Inpatient Rehabilitation



**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2017**

		<b>January Performance</b>	<b>Calendar YTD</b>	<b>Calendar 2016</b>	<b>Fiscal Year</b>
<b>Fixed Income</b>					
VFSIX - Vangaurd Short-Term Investment Gr.	Perf	0.36%	0.36%	2.85%	-0.46%
	BMK	0.25%	0.25%	1.56%	-0.80%
VSGDX - Vanguard Short-Term Federal	Perf	0.19%	0.19%	1.24%	-0.65%
	BMK	0.19%	0.19%	1.02%	-0.96%
Ponder Short-term Government/Corporate	Perf	0.17%	0.17%	1.95%	-1.17%
	BMK	0.25%	0.25%	1.56%	-0.80%
Ponder US Treasury Account	Perf	0.16%	0.16%	0.30%	-0.02%
	BMK	0.19%	0.19%	-0.44%	-0.68%
Ponder Short-Term Government	Perf	0.13%	0.13%	0.88%	-0.70%
	BMK	0.19%	0.19%	1.02%	-0.96%
Ponder 2016 Project Fund	Perf	0.03%	0.03%	0.43%	0.47%
	BMK	0.19%	0.19%	0.29%	-0.26%
<b>Weighted Composite</b>	<b>Perf</b>	<b>0.27%</b>	<b>0.27%</b>	<b>1.99%</b>	<b>-0.42%</b>
	<b>BMK</b>	<b>0.23%</b>	<b>0.23%</b>	<b>1.07%</b>	<b>-0.78%</b>
<b>Equities</b>					
DFSVX - DFA Small Cap Value	Perf	-0.53%	-0.53%	28.26%	14.44%
	BMK	-0.71%	-0.71%	31.74%	13.25%
DFLVX - DFA Large Cap Value	Perf	1.45%	1.45%	18.89%	10.21%
	BMK	0.71%	0.71%	17.34%	7.43%
DFIVX - DFA International Value	Perf	4.30%	4.30%	8.41%	9.61%
	BMK	2.98%	2.98%	2.75%	2.62%
DFEVX - DFA Emerging Markets	Perf	6.30%	6.30%	19.84%	5.27%
	BMK	5.47%	5.47%	11.19%	1.08%
VGELX - Vanguard Energy	Perf	-1.79%	-1.79%	33.18%	3.57%
	BMK	-2.29%	-2.29%	27.66%	4.98%
VENAX - Vanguard Energy Index	Perf	-3.33%	-3.33%	28.94%	4.00%
	BMK	-2.29%	-2.29%	27.66%	4.98%
VIGIX -Vanguard Large-Cap Growth	Perf	3.66%	3.66%	6.13%	3.22%
	BMK	3.37%	3.37%	7.08%	4.42%
VGHAX - Vanguard Health Care	Perf	2.77%	2.77%	-8.94%	-3.34%
	BMK	2.20%	2.20%	-6.83%	-3.39%
VSGIX - Vanguard Small-Cap Growth	Perf	2.75%	2.75%	10.74%	4.21%
	BMK	1.62%	1.62%	11.32%	5.25%
<b>Weighted Composite</b>	<b>Perf</b>	<b>2.31%</b>	<b>2.31%</b>	<b>15.17%</b>	<b>7.74%</b>
	<b>BMK</b>	<b>1.61%</b>	<b>1.61%</b>	<b>13.82%</b>	<b>5.61%</b>

**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2017**

	<b>Invested Balance</b>	<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>HH Holdings</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 52,778,541	Perf 0.36%	0.36%	-0.46%
		BMK 0.25%	0.25%	-0.80%
Ponder Short-Term Gov't/Corporate	31,720,630	Perf 0.17%	0.17%	-1.17%
		BMK 0.25%	0.25%	-0.80%
Ponder US Treasury Account	80,363,326	Perf 0.16%	0.16%	-0.02%
		BMK 0.19%	0.19%	-0.68%
Total HH Holdings	<u>\$ 164,862,497</u>	Composite Budget	<b>0.23%</b>	<b>-0.38%</b>
			<b>0.23%</b>	0.33%
<b>HHMC</b>				
Ponder Short-Term Government	\$ 42,012,955	Perf 0.13%	0.13%	-0.70%
		BMK 0.19%	0.19%	-0.96%
VSGDX - Vanguard Short-Term Federal	64,118	Perf 0.19%	0.19%	-0.65%
		BMK 0.19%	0.19%	-0.96%
Wells Fargo Halifax Hospital Trust	588,698	Perf 0.05%	0.05%	0.12%
		BMK 0.19%	0.19%	-0.96%
Ponder 2016 Project Fund	12,683,526	Perf 0.03%	0.03%	0.47%
		BMK 0.19%	0.19%	-0.26%
Total HHMC	<u>\$ 55,349,297</u>	Composite Budget	<b>0.11%</b>	<b>-0.42%</b>
			<b>0.11%</b>	0.33%

**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2017**

	<b>Invested Balance</b>		<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Foundation</b>					
VFSIX - Vanguard Short-Term Invest Grade	\$ 22,157,836	Perf	0.36%	0.36%	-0.46%
		BMK	0.25%	0.25%	-0.80%
DFSVX - DFA Small Cap Value	3,603,941	Perf	-0.53%	-0.53%	14.44%
		BMK	-0.71%	-0.71%	13.25%
DFIVX - DFA International Value	1,953,097	Perf	4.30%	4.30%	9.61%
		BMK	2.98%	2.98%	2.62%
DFEVX - DFA Emerging Markets	671,899	Perf	6.30%	6.30%	5.27%
		BMK	5.47%	5.47%	1.08%
DFLVX - DFA Large Cap Value	7,546,630	Perf	1.45%	1.45%	10.21%
		BMK	0.71%	0.71%	7.43%
VGELX - Vanguard Energy	481,871	Perf	-1.79%	-1.79%	3.57%
		BMK	-2.29%	-2.29%	4.98%
VENAX - Vanguard Energy Index	226,097	Perf	-3.33%	-3.33%	4.00%
		BMK	-2.29%	-2.29%	4.98%
VIGIX -Vanguard Large-Cap Growth	3,612,559	Perf	3.66%	3.66%	3.22%
		BMK	3.37%	3.37%	4.42%
VGHAX - Vanguard Health Care	643,801	Perf	2.77%	2.77%	-3.34%
		BMK	2.20%	2.20%	-3.39%
VSGIX - Vanguard Small-Cap Growth	3,749,757	Perf	2.75%	2.75%	4.21%
		BMK	1.62%	1.62%	5.25%
Total Foundation	<u>\$ 44,647,488</u>	Composite	<b>1.19%</b>	<b>1.19%</b>	<b>3.79%</b>
		Budget			1.33%

**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2017**

	<b>Invested Balance</b>	<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Hospice</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 34,068,663	Perf 0.36% BMK 0.25%	0.36% 0.25%	-0.46% -0.80%
DFSVX - DFA Small Cap Value	5,599,392	Perf -0.53% BMK -0.71%	-0.53% -0.71%	14.44% 13.25%
DFIVX - DFA International Value	3,019,570	Perf 4.30% BMK 2.98%	4.30% 2.98%	9.61% 2.62%
DFEVX - DFA Emerging Markets	1,200,783	Perf 6.30% BMK 5.47%	6.30% 5.47%	5.27% 1.08%
DFLVX - DFA Large Cap Value	11,844,828	Perf 1.45% BMK 0.71%	1.45% 0.71%	10.21% 7.43%
VGELX - Vanguard Energy	106,479	Perf -1.79% BMK -2.29%	-1.79% -2.29%	3.57% 4.98%
VENAX - Vanguard Energy Index	602,625	Perf -3.33% BMK -2.29%	-3.33% -2.29%	4.00% 4.98%
VIGIX - Vanguard Large-Cap Growth	5,921,265	Perf 3.66% BMK 3.37%	3.66% 3.37%	3.22% 4.42%
VGHAX - Vanguard Health Care	559,808	Perf 2.77% BMK 2.20%	2.77% 2.20%	-3.34% -3.39%
VSGIX - Vanguard Small-Cap Growth	5,451,081	Perf 2.75% BMK 1.62%	2.75% 1.62%	4.21% 5.25%
Total Hospice	<u>\$ 68,374,494</u>	Composite Budget	<b>1.21%</b> <b>1.21%</b>	<b>3.87%</b> <b>1.33%</b>

**Halifax Health**  
**Investment Manager Performance Report - through January 31, 2017**

	<b>Invested Balance</b>	<b>January Performance</b>	<b>Calendar YTD</b>	<b>Fiscal YTD</b>
<b>Pension</b>				
VFSIX - Vanguard Short-Term Invest Grade	\$ 127,827,016	Perf 0.36% BMK 0.25%	0.36% 0.25%	-0.46% -0.80%
DFSVX - DFA Small Cap Value	20,764,254	Perf -0.53% BMK -0.71%	-0.53% -0.71%	14.44% 13.25%
DFIVX - DFA International Value	33,153,918	Perf 4.30% BMK 2.98%	4.30% 2.98%	9.61% 2.62%
DFEVX - DFA Emerging Markets	11,196,392	Perf 6.30% BMK 5.47%	6.30% 5.47%	5.27% 1.08%
DFLVX - DFA Large Cap Value	21,992,884	Perf 1.45% BMK 0.71%	1.45% 0.71%	10.21% 7.43%
VGELX - Vanguard Energy	4,443,466	Perf -1.79% BMK -2.29%	-1.79% -2.29%	3.57% 4.98%
VENAX - Vanguard Energy Index	5,320,426	Perf -3.33% BMK -2.29%	-3.33% -2.29%	4.00% 4.98%
VIGIX - Vanguard Large-Cap Growth	14,448,376	Perf 3.66% BMK 3.37%	3.66% 3.37%	3.22% 4.42%
VGHAX - Vanguard Health Care	8,374,975	Perf 2.77% BMK 2.20%	2.77% 2.20%	-3.34% -3.39%
VSGIX - Vanguard Small-Cap Growth	14,463,850	Perf 2.75% BMK 1.62%	2.75% 1.62%	4.21% 5.25%
Wells Fargo Cash	2,338,814			
Total Pension	<u>\$ 264,324,371</u>	Composite 1.41% Budget	1.41%	3.66% 2.25%
Total Halifax Health, including Pension	<u>\$ 597,558,147</u>			
Total Halifax Health, excluding Pension	<u>\$ 333,233,776</u>			

# INFORMATIONAL REPORT

March 1, 2017

## **Capital Expenditures \$25,000 -- \$50,000**

DESCRIPTION	DEPARTMENT	SOURCE OF FUNDS	TOTAL
Surgical Bed for Labor and Delivery	Labor and Delivery	Working Capital	\$41,348
Defibrillators for IMC and CIC	Intensive Medical Care	Working Capital	\$33,458
Glass Partition for Registration	Patient Billing and Financial Services	Working Capital	\$25,000
Corepoint Web Services License	Information Technology	Working Capital	\$25,000

## **Operating Leases \$50,000 -- \$250,000**

DESCRIPTION	DEPARTMENT	REPLACEMENT Y/N	LEASE TERMS	INTEREST RATE	MONTHLY PAYMENT
Lease of Server Hardware	Information Technology	Y	32 months	2.42%	\$6,883.62



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Catherine Luchsinger, RN, Chief Nursing Officer  
DATE: February 14, 2017  
RE: Surgical Bed for Labor and Delivery

---

Halifax Health Labor and Delivery is requesting funds to purchase a surgical bed. The existing bed is greater than 20 years old and parts are no longer available for repairs.

The new surgical bed has a bariatric weight limit to accommodate all of our patients. Currently, Labor and Delivery borrows a bed from the main operating room for patients who weigh more than 400 pounds. Transporting the bed between two departments poses greater wear and tear on the equipment. Availability issues can occur if the operating room bed is in use when needed by Labor and Delivery.

The project was approved at the Capital Investment Committee meeting on January 18, 2017.

**TOTAL CAPITAL COSTS    \$41,348**



## Halifax Health Project Evaluation

### Surgical Bed for Labor and Delivery

Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Manager, Labor and Delivery:	Heidi Wright
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project is to replace an existing labor and delivery operating room bed that is over 20 years old. The new bed can accommodate bariatric patients.

#### Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

#### Cornerstone:

Safety	X
Compassion	
Image	X
Efficiency	

**Investment Request for Approval** **\$41,348**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Mark Billings, Executive Vice President and Chief Operating Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Catherine Luchsinger, RN, Chief Nursing Officer  
DATE: February 14, 2017  
RE: Defibrillators for IMC and CIC

---

Halifax Health Medical Center is requesting funds to purchase three defibrillators for Intensive Medical Care (IMC) and Coronary Intermediate Care CIC.

The defibrillators will replace the current Zoll defibrillators. The new defibrillators will allow standardization of patient care by having one brand of defibrillator.

The project was approved at the Capital Investment Committee meeting on December 21, 2016.

**TOTAL CAPITAL COSTS    \$33,458**



## Halifax Health Project Evaluation

Defibrillators	
Chief Operating Officer:	Mark Billings
Chief Nursing Officer:	Catherine Luchsinger
Director, Nursing:	Monika Dutton
Finance Analysis by:	Steve Mach

### Summary

**Purpose:**

This project is to replace three defibrillators for Intensive Medical Care (IMC) and Coronary Intermediate Care (CIC) nursing units.

**Strategic Plan Core Competency Achievement:**

Physician Integration	
Care Coordination	X
Cost Management	
Information Technology	
Service Distribution	
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

**Cornerstone:**

Safety	X
Compassion	
Image	
Efficiency	X

**Investment Request for Approval**     **\$33,458**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
DATE: February 14, 2017  
RE: Glass Partition for Registration

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Halifax Health Patient Billing and Financial Services (PBFS) is requesting funds to purchase a glass partition for the Fountain Building Registration area. This will enhance patient privacy in the registration area and reduce HIPAA concerns.

The glass partition will allow registration and customer service staff to speak with patients and family members in a more secure manner. The glass partition will reduce the need to speak in a louder voice in order to be heard over background noise from the information desk, badging area, and passing foot traffic.

The project was approved at the Capital Investment Committee meeting on December 21, 2016.

**TOTAL CAPITAL COST    \$ 25,000**



## Halifax Health Project Evaluation

### Glass Partition for Registration

Chief Revenue Officer:	Arvin Lewis
Director: Patient Billing:	Joni Hoffman
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project is to add a glass partition to the fountain building registration area which will enhance patient privacy.

#### Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

#### Cornerstone:

Safety	X
Compassion	
Image	X
Efficiency	

**Investment Request for Approval**    \$25,000

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Arvin Lewis, Senior Vice President & Chief Revenue Officer  
CC: Eric Peburn, Executive Vice President & Chief Financial Officer  
Tom Stafford, Vice President & Chief Information Officer  
DATE: February 14, 2017  
RE: Corepoint Web Services License

---

Halifax Health Information Technology is requesting funds to purchase a Corepoint Web Services License.

Web Services is a method of communication between electronic devices such as personal computers, laptops and smart phones that can be securely exposed over the Internet. With the purchase of the license, Halifax Health will be able to exchange encrypted information over the Internet. Web Services is a highly interoperable communication method that allows for real-time health data communication.

The license is needed to support Meaningful Use Stage 3 requirements and to transition to the new Florida Department of Health (FDOH) HL7 specification. Meaningful Use Stage 3 requirements focus on the advanced use of certified Electronic Health Record (EHR) technology to promote health information exchange and improved outcomes for patients. The FDOH HL7 specification provides a framework for the exchange, integration, sharing, and retrieval of electronic health information.

The project was approved at the Capital Investment Committee meeting on January 18, 2017.

**TOTAL CAPITAL COST      \$25,000**



## Halifax Health Project Evaluation

### Corepoint Web Services License

Chief Revenue Officer:	Arvin Lewis
Chief Information Officer:	Tom Stafford
Finance Analysis by:	Steve Mach

### Summary

#### Purpose:

This project is to purchase a Corepoint web services. The license is needed to support Meaningful Use Stage 3 requirements and to transition to Florida Department of Health HL7 specification.

#### Strategic Plan Core Competency Achievement:

Physician Integration	
Care Coordination	
Cost Management	
Information Technology	X
Service Distribution	X
Financial Position	
Scale	
Managed Care Contracting	
Competitive Position	

#### Cornerstone:

Safety	
Compassion	
Image	X
Efficiency	X

**Investment Request for Approval** **\$25,000**

Recommendation for approval of the project is not based upon incremental return on investment.



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Arvin Lewis, Senior Vice President and Chief Revenue Officer  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
Tom Stafford, Vice President and Chief Information Officer  
DATE: February 14 , 2017  
RE: Lease of Server Hardware

---

Halifax Health Information Technology will enter into an operating lease for server hardware to replace servers currently under leases that have expired.

The lease of this hardware will continue to offer a stable server environment and allow for the continued consolidation and virtualization of servers by utilizing more robust server technologies.

## **OPERATING LEASE TERMS:**

HARDWARE COST TO BE LEASED	\$238,187
INTEREST RATE	2.42%
LEASE TERM	32 Months
MONTHLY PAYMENT	\$6,883.62
NET PRESENT VALUE OF LEASE PAYMENTS	\$213,541



# HALIFAX HEALTH

TO: Jeff Feasel, President and Chief Executive Officer  
FROM: Bill Griffin, Director of Research & Planning  
CC: Eric Peburn, Executive Vice President and Chief Financial Officer  
DATE: February 27, 2017  
RE: Deltona Acute Care Hospital Architectural/Engineering Services

---

This request is for the fees associated with architectural and engineering services for the acute care hospital in Deltona and to meet the time frame requirements of the Certificate of Need for construction to begin by December 2, 2017. (See attached memo from ADAMS dated February 16, 2017.)

The architectural and engineering services required for the initiation of construction (site work and foundations) is an estimated \$3,350,000. This includes the schematic design, design development and the early release/structural package as shown on the attached Gantt chart.

Additional architectural/engineering fees for the completion of construction documents and construction administration are estimated to be \$2,000,000.

These fees will be paid by H.H. Holdings, Inc.

The total request for architectural fees at this time is an amount not to exceed \$3,350,000.

**TOTAL CAPITAL COSTS    \$3,350,000**



**Halifax Health**  
**Deltona Hospital, HHMC, Project #15038**  
*February 16, 2017*

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**TO:** Eric Peburn, Executive Vice President and Chief Financial Officer; Bill Griffin, Director, Research and Planning; Jacob Nagib, Director, Engineering-Planning-Construction

**FROM:** Joe Gordy, ADAMS

**RE:** Design Schedule to Meet CON Deadline

Gentlemen,

ADAMS has attached the documents requested regarding the budget and design schedule to meet the CON deadline for beginning construction on the new Halifax Health Hospital in Deltona, Florida. As we have discussed, the design schedule will need to be fast-tracked at this point in order to compress the current design schedule so that early site and structural packages can be ready for permitting and ensure construction commences before the last week in November 2017.

ADAMS recommends that the design team be released as soon as possible with Pre-design Activities and that they be released within the next 30-45 days for Schematic Design Activities. Any delays to beginning Schematic Design beyond March 10, 2017 will increase the risk for design flaws while fast-tracking this design. If Schematic Design has not begun by May 1, 2017, it may be impossible to develop early site and structural packages in time to meet the CON deadline.

Please review the information and let me know if we can be of any further assistance.

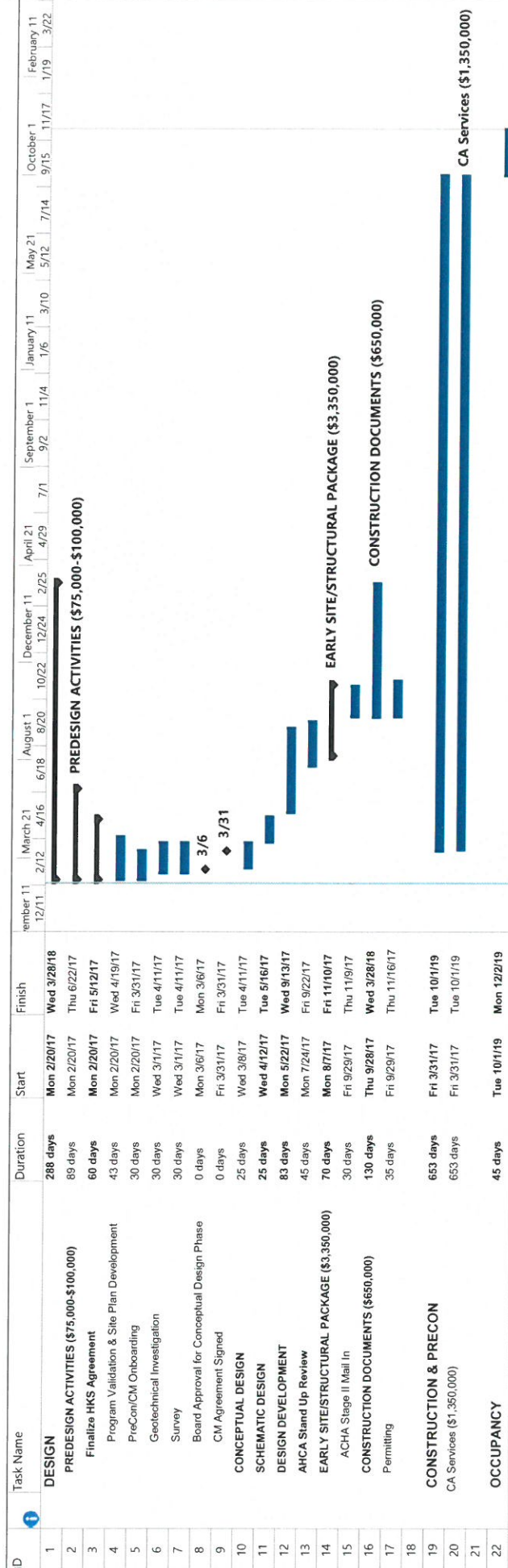
Cordially,

A handwritten signature in blue ink, appearing to read "Joe Gordy", written over a light blue circular stamp.

Joseph M. Gordy

Vice President, ADAMS Management Services

**3/6 Design Schedule**  
**Deltona Hospital, HHMC**  
**February 16, 2017**



Project: 3-6 Board Approval  
 Date: Thu 2/16/17

Task Milestone Summary