

Florida Institute of Certified Public Accountants
Certified Public Accountant

Ronald C. Power, Jr., CPA
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December 2, 2017

Mr. Brandon Beil
Chairman of Lake Shore Hospital Authority
P.O. Box 988
Lake City, Florida 32056-0988

Dear Mr. Beil:

As requested by you, I am providing the following information regarding the Authority's alternatives to pay for various improvements to the hospital facilities.

The estimated costs of the planned improvements are as follows:

Building roof and envelope	\$ 2,800,000
Emergency Department expansion	<u>7,200,000</u>
	<u>\$ 10,000,000</u>

Based upon my prior analysis the Board has approximately \$5,600,000 that can currently be devoted to these projects and still maintain prudent cash reserves of \$4,600,000.

Recognizing that these projects are long-term in nature and could likely span three fiscal years, I offer the following framework as a means of financing the projects without utilizing bank loans:

Existing Available Reserves - \$5,600,000

The Authority could immediately devote these excess reserves to these projects based upon my prior analysis.

Permanent Millage Reduction - \$1,200,000

If the Authority and Hospital amend the lease to permanently reduce the required millage levy effort to .962 mills, this would remove the millage buy back portion of the required permanent reserves. I would recommend that the lease only be amended regarding the required millage rate.

Annual Indigent Care Reductions - \$3,200,000

For the current year the Authority has budgeted \$2,700,000 for inpatient indigent care, and will budget approximately \$2,000,000 annually in subsequent years if the millage requirement is reduced to .962 mills. If there were an agreement with the Hospital to limit indigent care payments to \$1,000,000 annually while these projects are being constructed, this would allow for

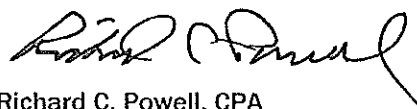
approximately \$2,700,000 to be raised over the current and next fiscal year and an additional \$1,000,000 in the third year, to the extent required.

Once the Projects are completed this restriction would be lifted and the Authority would pay for actual indigent care at the Hospital up to the maximum cap per year as included in the Authority's budget. At that time the Authority could also consider reimbursing the Hospital for indigent care in the capped years that exceeded the \$1,000,000 annual limit. For the past several years Hospital indigent care has been approximately \$1,000,000 per year.

In all cases, the Authority should reimburse the Hospital for approved and paid project expenditures in accordance with the procedures outlined in my previous report of November 3, 2017.

Please let me know if you need any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Richard C. Powell". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Richard C. Powell, CPA

RCP/erh

cc: Jack Berry



KOBERLEIN LAW OFFICES

FRED KOBERLEIN JR., B.C.S. | MEAGAN STANDARD | FRED KOBERLEIN SR.

Reply to: Lake City Office

March 5, 2018

Chairman Brandon Beil
Lake Shore Hospital Authority
837 NW Main Blvd.
Lake City, FL 32055

Re: Employment Agreement

Dear Trustee:

Earlier this calendar year we audited our expenses and revenues to better budget future finances, much in the same manner that the Authority undergoes a financial audit each year. The audit concluded that over the past twenty-four (24) months fixed costs and operational costs have increased. The increase has been reduced slightly due to our adoption of enhanced technology. However, the majority of expenses, e.g., health insurance, malpractice insurance, etc..., have remained steady.

As you may be aware the Authority and I have always had an employment agreement that is subject to renegotiating at times and the Authority has always received a discounted hourly rate of \$140.00 for more than three (3) calendar years. I am more than happy to provide lower rates than competitors and I enjoy the fact that I operate a fiscally responsible and "tight" operation in order to extend low rates.

Unfortunately, I can no longer continue providing the current level of services at the current rates. At this time, I request that the hourly fee be increased to \$150.00, per hour beginning April 1, 2018. Thereafter, the rate would increase in accordance with the proposed amendment that is attached. Additionally, a monthly retainer would be agreed upon, which would total \$750.00, per month. The retainer would allow us to respond to Trustees and the administrative staff without subjecting telephone calls to the billing rate. Currently, all calls are tracked and billed at the \$140.00/hr rate. Recently, a spike in phone calls has occurred and with the lack of a full-time executive director I anticipate the number of calls to remain higher than in the past. As most of you can attest, I have always returned calls promptly and made myself available at any hour of the day or weekend.

LAKE CITY

855 SW BAYA DRIVE
LAKE CITY, FL 32025
(386) 269-9802
FAX: 888-908-8699

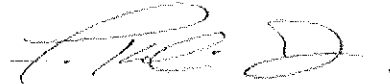
GAINESVILLE SATELLITE OFFICE

9727 SW 52ND LANE
GAINESVILLE, FL 32608
(352) 519-4357
FAX: 888-908-8699

There should be no impact on the current budget for legal services, based on the increases stated above. Currently, the Authority has \$25,000.00 budgeted for legal services for fiscal year 2017-2018. As of February 28, 2018, five months of the fiscal year, the Authority has spent twenty-eight percent (28%) of the budgeted amount for legal services. With the addition of the flat retainer amount beginning April 1, 2018 and using the past five (5) months average, the Authority would continue to expend less than the budgeted amount (\$25k) for fiscal year 2017-2018.

Your review of, and attention to, this request is sincerely appreciated. I look forward to a continued and long-established relationship with the Authority. As always, should you have any questions please do not hesitate to telephone or contact me at your convenience.

Respectfully,

A handwritten signature in cursive script, appearing to read "F. L. Koberlein, Jr.", written in dark ink.

Frederick L. Koberlein, Jr.

Encl: Proposed Amendment

**AMENDMENT TO THE LEGAL SERVICES AGREEMENT
BETWEEN THE LAKE SHORE HOSPITAL AUTHORITY AND
KOBERLEIN LAW OFFICES, PLLC**

THIS AMENDMENT is made and entered into this 1st day of April, 2018 by and between:

The Lake Shore Hospital Authority ("Authority"), a political subdivision of the State of Florida, with a mailing address of Post Office Box 988, Lake City, Florida 32056-988; and

Koberlein Law Offices, PLLC ("Attorney"), with a mailing is 855 SW Baya Dr., Lake City, Florida; and

WHEREAS, on January 1, 2015, the parties entered into the Legal Services Agreement whereby the Attorney agreed to provide certain legal services to the Authority; and

WHEREAS, the parties desire to amend the Legal Services Agreement to provide for an increase of the legal services fee and services.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree to amend the Legal Services Agreement as follows:

1. **RECITALS.** The recitals stated above are true and correct and by this reference are incorporated into and form a material part of the Legal Services Agreement.
2. **AMENDMENTS.** Paragraph two (2) of the Legal Services Agreement shall be replaced with the following:

LEGAL FEES AND EXPENSES. LSHA and Attorney agree that the time expended by Attorney to perform legal services for LSHA will be the primary basis for determining the total legal fees LSHA shall pay Attorney. Fees shall be based upon the regular hourly rate of \$150.00 per hour. Other fees, charges, and expenses incurred or paid by the Attorney for the benefit of LSHA will be billed by the Attorney to LSHA on a monthly basis in accordance with Exhibit A, attached to the initial Legal Services Agreement. Any additional payments due Attorney shall be paid by LSHA within approximately thirty (30) days from billing. Attorney shall be entitled to additional compensation from LSHA for a monthly retainer of \$750.00 per month for the Attorney's availability for

conferences with Members and the administrative staff, as well as for special and/or extraordinary services, including but not limited to real estate closings and legal opinions to bond counsel upon approval by LSHA.

Reimbursement of costs and expenses actually incurred by Attorney directly related to the provision of services to LSHA, including by way of example but without limitation: copies, depositions, court costs, travel or lodging expenses at the State of Florida per diem rate when the Attorney is required to be out-of-town overnight on LSHA business, if any. Further, LSHA agrees to reimburse Attorney the actual costs of specialized training or continuing legal education courses and materials attended or purchased by Attorney which specifically relate to Attorney's legal practice and representation of LSHA.

3. **EFFECTIVE DATE.** This Amendment shall be effective on the 1st day of April, 2018.

IN WITNESS WHEREOF, the parties hereto have caused this first Amendment to the Legal Services Agreement to be duly executed as of the date and year first above written.

LAKE SHORE HOSPITAL AUTHORITY

BY: _____
Brandon Beil, Chairman

ATTEST:

BY: _____
Loretta W. Chancy, Secretary

KOBERLEIN LAW OFFICES, PLLC

BY: _____
Fred L. Koberlein, Jr., Mgr.

Staff Report

March, 2018 Regular Meeting

NEW	13
RENEW	22
INELIGIBLE (INCOME OR OTHER)	1
TOTAL CLIENTS SEEN IN OFFICE IN FEBRUARY	36
ACTIVE MEMBERS	203
PUBLIC VISITS	87

PRIMARY CARE VISITS – 5 LOCATIONS

January, 2018	111
YTD (Fiscal year October – Sept)	373

PHARMACY USAGE

January 2018	
PATIENTS SERVED	78
RX'S FILLED	204
EMERGENCY ROOM	24