

**REQUEST FOR QUALIFICATIONS**

**FOR**

**AUDIT SERVICES**

**FOR CHATHAM COUNTY**

**RFQ NO. 16.0057-1**

**PROPOSAL RECEIPT BY: 5:00 PM JULY 21, 2016**

THE COMMISSIONERS OF CHATHAM COUNTY, GEORGIA

ALBERT J. SCOTT, CHAIRMAN

COMMISSIONER HELEN L. STONE

COMMISSIONER YUSUF K. SHABAZZ

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COMMISSIONER PRISCILLA D. THOMAS

R. JONATHAN HART, COUNTY ATTORNEY

CHATHAM COUNTY, GEORGIA

CHATHAM COUNTY, GEORGIA  
PURCHASING AND CONTRACTING  
1117 EISENHOWER DRIVE  
SAVANNAH, GEORGIA 31406  
(912) 790-1620

DATE: July 5 , 2016

RFQ No. 16-0057-1

**GENERAL INFORMATION FOR REQUEST FOR QUALIFICATIONS**

This is an invitation to submit a Statement of Qualifications to provide Chatham County with the professional services as indicated herein. Sealed responses will be received at the Office of the Purchasing Director, **1117 EISENHOWER DRIVE, SUITE C, SAVANNAH, GEORGIA 31406** up to **5:00 P.M., JULY 28, 2016 (LOCAL TIME)**. The Purchasing Director reserves the right to reject any and all responses and to waive formalities.

Chatham County has an equal opportunity procurement policy. Chatham County seeks to ensure that all segments of the business community have access to providing services needed by County programs. The County affirmatively works to encourage utilization of disadvantaged and minority business enterprises in our procurement activities. The County provides equal opportunity for all businesses and does not discriminate against any persons or businesses regardless of race, color, religion, age, sex, national origin or handicap.

**SECTION I  
INSTRUCTIONS TO PROPOSERS**

- 1.1 PURPOSE:** The purpose of this document is to provide general and specific information for use in submitting a statement of qualifications to provide Chatham County with audit services. All responses are governed by the Chatham County Purchasing Ordinance
- 1.2 INFORMATION OR CLARIFICATION:** For information concerning this solicitation, contact Peggy Joyner (912) 790-1626 or Robin Maurer @ (912) 790-1623. Such contact shall be for clarification purposes only. Material change, if any to the scope of services or bidding procedures will be only transmitted by written addendum. It is the proposers' responsibility to check the website to determine if any addenda(s) have been issued.

All questions must be submitted via E-mail to ckhester@chathamcounty.org. The deadline for questions shall be 5:00 p.m. one week prior to the deadline of receipt of statements of qualifications.

- 1.3 HOW TO PREPARE STATEMENT OF QUALIFICATIONS: All SOQ's shall be:**
- A. Prepared on the forms enclosed unless otherwise prescribed, and **all documents must be submitted.**

- B. Typewritten or completed with pen black or blue ink, signed by the business owner or authorized representative, with all corrections initialed and dated by the official signing the proposal. ALL SIGNATURE SPACES MUST BE SIGNED.

**1.4 HOW TO SUBMIT: All Statement of Qualifications shall be:**

- A. Submitted in a sealed envelope or box, plainly marked “**Statement of Qualifications for Audit Services for Chatham County, RFQ NO. 16.0057-1**”, with solicitation deadline, and company name.
- B. Mailed or hand delivered as follows in a sufficient time to ensure receipt by the Purchasing Director on or before time and date specified above.

Purchasing and Contracting  
1117 Eisenhower Drive, Suite C  
Savannah, Georgia, 31406

- C. Each SOQ must be submitted in one (1) original and five (5) copies to:  
*Chatham County Purchasing Department  
Attn: Peggy Joyner  
1117 Eisenhower Drive, Suite C,  
Savannah, GA 31406*

- D. An electronic proposal shall also be submitted either on CD or a flash drive.

**1.5 STANDARDS FOR ACCEPTANCE OF PROPOSERS FOR CONTRACT AWARD:** The County reserves the right to reject any or all Statement of Qualifications and to waive any irregularities or technicalities whenever such rejection or waiver is in the best interest of the County. The County reserves the right to reject the Offer of a Proposer who has previously failed to perform properly or complete on time contracts of a similar nature, whom investigation shows is not in a position to perform the contract.

**1.6 COMPLIANCE WITH LAWS:** The Provider shall obtain and maintain all licenses, permits, liability insurance, workman's compensation insurance and comply with any and all other standards or regulations required by federal, state or County statute, ordinances and rules during the performance of any contract between the Provider and the County. Any such requirement specifically set forth in any contract document between the Provider and the County shall be supplementary to this section and not in substitution thereof.

**1.7 LOCAL PREFERENCE:** The Provider agrees to follow the local preference guidelines as specified in the contract documents, which state “The PROVIDER hereby agrees, as part of the consideration to Chatham County for making this Contract, that the PROVIDER in the carrying out of this contract will give the citizens of Chatham County preference for employment to perform all labor required by this contract; that the rate of wages to be paid shall not be less than legally required; and that in the purchase of materials to be used in the Work of the Project, preference shall be given to sources from within Chatham County to the maximum extent possible. The PROVIDER will cause the forgoing provisions to be inserted in all subcontracts so that provisions will be binding upon each

subcontractor.”

## SECTION II GENERAL CONDITIONS

- 2.1 **SPECIFICATIONS:** Any obvious error or omission in specifications shall not inure to the benefit of the Proposer but shall put the Proposer on notice to inquire of or identify the same to the County.
- 2.2 **MULTIPLE PROPOSALS:** No Proposer will be allowed to submit more than one offer
- 2.3 **GEORGIA OPEN RECORDS ACT:** The responses will become part of the County's official files without any obligation on the County's part. Ownership of all data, materials, and documentation prepared for and submitted to Chatham County in response to a solicitation, regardless of type, shall belong exclusively to Chatham County and will be considered a record prepared and maintained or received in the course of operations of public office or agency and is subject to public inspection in accordance with the Georgia Open Records Act, Official Code of Georgia Annotated, Section 50-18-070, et. Seq., unless otherwise provided by law.
- 2.4 **GEORGIA TRADE SECRET ACT OF 1990:** In the event that a Proposer submits secret information to the County, the information must be clearly labeled as a "Trade Secret". The County will maintain the confidentiality of such trade secrets to the extent provided by law.
- 2.5 **CONTRACTOR RECORDS:** The Georgia Open Records Act is applicable to the records of all contractors and subcontractors under contract with the County. This applies to those specific contracts currently in effect and those which have been completed or closed up to three (3) years following completion.
- 2.6 **NO EXCLUSIVE CONTRACT/ADDITIONAL SERVICES:** Contractor agrees and understands that the contract shall not be construed as an exclusive arrangement and further agrees that the County may, at any time, secure similar or identical services at its sole option.
- 2.7 **OFFERS TO BE FIRM:** The proposer **warrants** that terms and conditions quoted in his offer will be firm for acceptance for a period of 60 days from the time of submittal, unless otherwise stated in the proposal in order to provide the Evaluation Team time to review all responses.
- 2.8 **COMPLETENESS:** All information required by Request for Statement of Qualifications must be completed and submitted to constitute a proper response. The County shall have sole discretion in evaluating qualifications of respondents.
- 2.9 **DEBARRED FIRMS, INDICTMENTS AND PENDING LITIGATION:** Any potential proposer/firm listed on the Federal, State of Georgia or any government entity, Excluded Parties Listing (Barred from doing business) **will not** be considered for contract award. Proposers **shall** disclose any record of pending criminal violations (Indictment) and/or convictions, pending lawsuits, etc., and any actions that may be a conflict of interest occurring within the last five (5) years. Any proposer/firm previously defaulting or terminating a contract with the County will not be considered.

\*\* All proposers are to read and complete the **Disclosure of Responsibility Statement** enclosed as an Attachment to be returned with response. Failure to do so may result in your solicitation response being rejected as non-responsive. Provider acknowledges that in performing contract for the Board, provider shall not utilize any firms that have been a party of any of the above actions. If proposer has engaged any firm to work on this contract or project that is later debarred, Provider shall sever its relationship with that firm with respect to this contract.

**2.10 MINORITY- WOMEN BUSINESS ENTERPRISE PARTICIPATION:** It is the desire of the County Board of Commissioners to increase the participation of minority (MBE) and women-owned (WBE) business in its contracting and procurement programs.

If the awarded contractor/vendor is claiming minority status, the contractor/vendor shall apply for certification by Chatham County, Georgia to the Office of the Minority Business Coordinator. The Minority Business Coordinator will provide documentation of application status once approved or disapproved by Chatham County. Certification by any other government entity is acceptable if current copy of the certification is provided with this solicitation. For additional information concerning Chatham County's M/WBE program, please contact Connell Heyward at 912-652-7860.

**2.11 LOBBYING ACTIVITIES:** During the request for Statement of Qualifications process and subsequent evaluation and RFP process, proposers shall have no discussions with Board members, other elected officials, county management staff and employees unless initiated by County staff relative to Section 3.8. Proposers are required to sign the lobbying affidavit included in this package. All contact must be through the Purchasing & Contracting Office at 912-790-1620.

**2.12 LIABILITY PROVISIONS:** Where proposers are required to enter or go onto Chatham County property to measurements or gather other information in order to prepare the proposal as requested by the County, the proposer shall be liable for any injury, damage or loss occasioned by negligence of the proposer, his agent, or any person the proposer has designated to prepare the Offer and shall indemnify and hold harmless Chatham County from any liability arising therefrom. The contract document specifies the liability provisions required of the successful proposer in order to be awarded a contract with Chatham County.

**2.13 AWARD OF CONTRACT:** The contract, if awarded, will be awarded to the responsible proposer whose proposal will be most advantageous to Chatham County, price and other factors considered. The Board of Commissioners will make the determination as to which proposal best serves the interest of Chatham County.

**2.14 PROCUREMENT PROTESTS:** Objections and protest to any portion of the procurement process or actions of the County staff may be filed with the Purchasing Director for review and resolution.

**2.15 QUALIFICATION OF BUSINESS (RESPONSIBLE PROPOSER):** A responsible bidder or proposer is defined as one who meets, or by the date of the bid acceptance can meet, all requirements for licensing, insurance, and service contained within this solicitation. Chatham County has the right to require any or all bidders to submit documentation of the ability to perform, provide, or carry out the service or provide the product requested. Chatham County

has the right to disqualify the bid or proposal of any bidder or proposer as being non-responsive or non-responsible whenever such bidder/proposer cannot document the ability to deliver the requested product.

- 2.16 COUNTY TAX CERTIFICATE REQUIREMENT:** A current Chatham County or municipal tax certificate (within the State of Georgia) is required unless otherwise specified. A firm need not have a Chatham County tax certificate prior to submitting a proposal. However, a tax certificate must be obtained by the successful vendor prior to the award of contract. Please contact the Chatham County Department of Building and Regulatory Services at (912) 201-4300 for additional information.
- 2.17 LICENSES, PERMITS, TAXES:** The price or prices for the service shall include full compensation for all fees that the Provider is or may be required to pay. Chatham County is Tax Exempt. A Tax Exemption Certificate will be provided by the Purchasing & Contracting Office upon request (912) 790-1618 or (912) 790-1627 fax.
- 2.18 INSURANCE PROVISIONS:** The selected PROVIDER shall be required to procure and maintain for the duration of the contract insurance against claims for injuries to persons or damages to property which may arise from or in connection with the performance of the work hereunder by the Provider, his agents, representatives, employees or subcontractors. The cost of such insurance shall be included in the Provider's fee proposal. **Contract work will not proceed unless Chatham County has in their possession, a current Certificate of Insurance.**
- 2.19 INDEMNIFICATION:** The PROVIDER agrees to protect, defend, indemnify, and hold harmless Chatham County, Georgia, its commissioners, officers, agents, and employees from and against any and all liability, damages, claims, suits, liens, and judgments, of whatever nature, including claims for contribution and/or indemnification, for injuries to or death of any person or persons, or damage to the property or other rights of any person or persons caused by the PROVIDER or its subcontractors. The PROVIDER's obligation to protect, defend, indemnify, and hold harmless, as set forth herein above shall include, but not be limited to, any matter arising out of any actual or alleged infringement of any patent, trademark, copyright, or service mark, or any actual or alleged unfair competition, disparagement of product or service, or other business tort of any type whatsoever, or any actual or alleged violation of trade regulations. PROVIDER further agrees to investigate, handle, respond to, provide defense for, and to protect, defend, indemnify, and hold harmless Chatham County, Georgia, at his sole expense, and agrees to bear all other costs and expenses related thereto, even if such claims, suits, etc., are groundless, false, or fraudulent, including any and all claims or liability for compensation under the Worker's Compensation Act arising out of injuries sustained by any employee of the PROVIDER or his subcontractors or anyone directly or indirectly employed by any of them. The PROVIDER'S obligation to indemnify Chatham County under this Section shall not be limited in any way by the agreed-upon contract price, or to the scope and amount of coverage provided by any insurance maintained by the PROVIDER.
- 2.20 NOTICE TO PROCEED:** The successful provider shall not commence work until a written contract is awarded and a Notice to Proceed is issued by the Purchasing Director or her designee. If the successful Proposer does commence any work or deliver items prior to receiving official notification, he does so at his own risk.

**2.21 PAYMENT TO CONTRACTORS:** Instructions for invoicing the County for service delivered to the County are specified in the contract document.

- A. Questions regarding payment may be directed to the Chatham County Finance Department, at (912) 652-7900.
- B. Providers will be paid the agreed upon compensation upon satisfactory progress or completion of the work as more fully described in the contract document.
- C. Upon completion of the work, the Provider will provide the County with an affidavit certifying all suppliers, persons or businesses employed by the Provider for the work performed for the County have been paid in full.
- D. Chatham County is a tax exempt entity. Every contractor, vendor, business or person under contract with Chatham County is required by Georgia law to pay state sales or use taxes for products purchased in Georgia or transported into Georgia and sold to Chatham County by contract. Please consult the State of Georgia, Department of Revenue, Sales and Use Tax Unit in Atlanta (404) 656-4065 for additional information.

**2.22 SECURITY AND IMMIGRATION COMPLIANCE ACT AND SYSTEMATIC ALIEN VERIFICATION FOR ENTITLEMENTS (SAVE):** On July 1, 2008, the Georgia Security and Immigration Compliance Act (SB 529, Section 2) became effective. All contractors and subcontractors entering into a contract or performing work must sign an affidavit that he/she has used the E-Verify System. E-Verify is a no-cost federal employment verification system to insure employment eligibility. Affidavits are enclosed in this solicitation. You may download M-274 Handbook for Employers at <http://www.dol.state.ga.us/spotlight/employment/rules>. You may go to <http://www.uscis.gov>, to find the E-Verify information.

O.C.G.A. § 50-36-1, requires Georgia's cities to comply with the federal **Systematic Alien Verification for Entitlements (SAVE) Program**. SAVE is a federal program used to verify that applicants for certain "public benefits" are legally present in the United States. Contracts with the County are considered "public benefits." Therefore, the successful bidder will be required to provide the Affidavit Verifying Status for Chatham County Benefit Application prior to receiving any County contract.

**2.23 PENDING LITIGATION:** Proposals and statements of qualifications will not be accepted from any company, firm, person, or party, parent subsidiary, against which Chatham County has an outstanding claim, or a financial dispute relating to prior contract performance. If the County, at any time, discovers such a dispute during any point of evaluation, the proposal will not be considered further.

**2.24 SELECTION PROCESS:** Statement of Qualifications will be evaluated initially on the basis of the written document. Thus, the proposal must be complete, concise and clear as to the intent of the respondent. The County shall have sole discretion in evaluating both the responses and qualifications of the respondents.

**2.25 CONFLICT OF INTEREST:** All respondents must provide a statement of disclosure which will allow the County to evaluate possible conflicts of interest. Respondents must disclose



any and all potential conflicts of interest.

- 2.26 CONTRACT:** The successful respondent will be expected to execute a contract within 30 days of notice to award. Upon award of the contract, the Provider shall be bound to deliver services on the terms and conditions of this document and any negotiations which may occur. As well, the County shall be bound on the said terms and conditions to procure the services described and remit payment to the Provider when services are completed and accepted.

Successful Provider will be asked to submit his/her firms' contractual issues for consideration in the Chatham County contract. The response to the Statement of Qualifications and the will become part of the contract.

- 2.27 PERFORMANCE AND APPROVAL OF SUB-CONSULTANTS:** The Provider will perform the project as an independent contractor and not as an agent or employee of the County. Joint ventures and sub-consultant arrangements are not prohibited; however, the Provider shall secure written permission from Chatham County before subcontracting any part of this service. Subcontractors shall also not have any conflicts of interest, outstanding claims, or a financial dispute relating to prior contract performance with Chatham County. Such permission should be obtained during the proposal evaluation stage. Providers are encouraged to use local Minority/Woman Business Enterprises and are reminded of reporting requirements when utilizing these arrangements.

- 2.28 CHANGES:** In the event a contract is awarded, the County may, at any time during the contract period, make changes within the general scope of the contract and its technical provisions. If any such change causes any increase or decrease in the Provider's cost of performing any part of the contract, whether changed or not changed by any such notice, an equitable adjustment shall be made in the contract prices, or in the time of performance, or in both. A written memorandum of such adjustment shall be made.

- 2.29 TERMINATION OF CONTRACT:** Each party to the contract shall have the right to terminate any contract to be made hereunder for its convenience by giving the other party written notice 30 days in advance of its election to do so and by specifying the effective date of such termination. The Provider shall be paid for services rendered and not in question or dispute through the effective date of such termination. Further, provided a contract is awarded, if a Provider shall fail to fulfill any of its obligations hereunder, the County may, by giving written notice to the Provider at issue, terminate the agreement with said Provider for such default. If this agreement is so terminated, the Provider shall be paid only for work satisfactorily completed.

- 2.30 ASSIGNMENT:** The Provider shall not assign or transfer any interest of the contract without prior written consent of the County.

The undersigned proposer certifies that he/she has carefully read the preceding list of instructions and all other data applicable hereto and made a part of this invitation and that the proposer agrees to the terms and conditions of this solicitation.

This is to certify that I, the undersigned Proposer, have read the instructions to Proposer and

agree to be bound by the provisions of the same.

This \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_.

BY: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
COMPANY

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
PHONE NO.

\_\_\_\_\_  
E-MAIL ADDRESS

### SECTION III SPECIFIC CONDITIONS

- 3.1 **DESCRIPTION AND OBJECTIVES:** Chatham County is seeking Statement of Qualifications from firms qualified and interested in providing Audit Services for Chatham County.
- 3.2 **EVALUATION CRITERIA:** Proposals shall be evaluated on the following criteria:  
  
Chatham County will evaluate responses to this Request for Qualifications based on the experience of the responding firm in auditing and healthcare engagements, experience of staff assigned to the engagement, audit methodology, approach to the requested scope of work and proposed fee structure. The County reserves the right to interview any or all firms after evaluating responses to the RFQ.
- 3.3 **RESPONSE DEADLINE:** The response to this solicitation must be received by Chatham County Purchasing no later than **5:00 P.M. on July 21, 2016.** Proposals must be responsive to the General Conditions (Information and Instructions), Special Conditions, Scope of Services, and any attachments.
- 3.4 **WITHDRAWAL OF PROPOSAL:** Your response may be withdrawn by written request received by the County before the time fixed for receipt of proposals. Withdrawal of your proposal will not prejudice the right of the proponent to submit a new response, provided the response is received prior to the deadline for proposals.
- 3.5 **CONFIDENTIALITY OF DOCUMENTS:** Upon receipt of a proposal by the County the proposal shall become the property of the County without compensation to the proponent, for disposition or usage by the County at its discretion. The particulars of the proposal documents will remain confidential until final award of the contract. Only final points and ranking of proposals will be openly disclosed prior to approval by the Board of Commissioners.
- 3.6 **FORMAT OF RESPONSES:** To be considered, proponents must submit a complete response to the Statement of Qualifications. To assure a uniform review process and obtain the maximum degree of comparability, each proposal shall include the following content and shall be presented in the following order:
- a) Experience and Qualifications of the firm. Proposer should provide examples of engagements of a similar nature and in particular those related to hospital operations.
  - b) Resumes of proposed audit staff who will be utilized for this engagement
  - c) Proposed methodology and schedule to accomplish work plan including firm's availability to begin the audit.
  - d) Proposed fee structure.
  - e) References from similar clients with contact names and phone numbers
  - f) Forms required by the County (included as attachment)
- 3.7 **COST TO PREPARE RESPONSES:** The County assumes no responsibility or obligation to the respondents and will make no payment for any costs associated with the preparation or submission of the proposal.

**3.8 DISCUSSIONS:** Chatham County may, as it deems necessary, conduct discussions with responsible offerors determined to be reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of, and responsiveness to solicitation requirements.

**3.9 EQUAL EMPLOYMENT OPPORTUNITY:** During the performance of this contract, the PROVIDER agrees as follows:

The Provider will not discriminate against any employee or applicant for employment because of race, creed, color, sex, age, national origin, place of birth, physical handicap, or marital status.

## SECTION IV SCOPE OF SERVICES

Chatham County is requesting qualifications from independent audit firms with experience in the healthcare industry and forensic auditing to conduct an audit of Memorial Health, Inc., the parent company of Memorial Health University Medical Center, Inc. While this could be defined as an agreed-upon procedures audit, the engagement will also include advisory services.

Memorial operates a 530 bed public hospital facility in Chatham County and is the region's safety net hospital. The principal facilities of Memorial are owned by the Chatham County Hospital Authority and leased to Memorial as the hospital's operating company. Memorial Health's Board of Directors provides direction to the Chief Executive Officer for operation of Memorial Health University Medical Center.

Chatham County, in conjunction with the Chatham County Hospital Authority, desires an evaluation of the Fiscal Year 2015 audited financial statements and interim financial statements as of June 30, 2016 of Memorial Health, Inc. and its affiliates to include assurance that the statements provide an accurate reflection of the financial position of Memorial and that the practices used in developing asset and liability estimates are congruent with similarly situated health systems in Georgia and within similar markets. Chatham County is requesting the audit in order to evaluate Memorial's stated financial condition and its internal projections that show a deteriorating financial position over the next two years. Chatham County is interested in both the reasons for the deterioration and corrective action that can be taken to improve Memorial's financial condition. The County has an inherent interest in Memorial's financial condition given its role as a safety net hospital and the County's financial guarantee to bondholders. Memorial's fiscal year ends on December 31<sup>st</sup>. Its most recent financial audit was conducted by Dixon Hughes Goodman LLP as of December 31, 2015.

Memorial Health Inc. includes a number of affiliates, some of which are profitable and others not. The audited financial statements as of December 31, 2015 report that Memorial incurred a \$24.9 million net operating loss and a \$22.6 million annual decrease in unrestricted net assets in 2015. Two of the affiliates MHUMC (hospital) and MPAC (captive insurance company) showed an excess of revenues, gains and other support over expenses of \$15 million. Other affiliates showed a deficit of revenues, gains and other support of over \$36 million. These affiliates include i) MHUMC Foundation, deficit of \$72,000, ii) Memorial Cardiovascular Consultants, deficit of \$805,000, iii) Memorial Savannah Cardiology, deficit of \$2.9 million, iv) Provident Health Services MPPG, deficit of \$24.8 million, and v) Provident Health Services other PHS Entities, deficit of \$7.4 million.

Chatham County also requires documentation and evaluation of legal contracts, financial transactions, other documents and relationships between Memorial Health, Inc. and Novant Health Inc. from 2012 forward to include impacts on Memorial with an evaluation/computation of savings generated under shared service agreements.

In addition Chatham County requires an evaluation of Memorial's compliance with contractual provisions of the Series 2012A Chatham County Hospital Authority Seven Mill Tax Pledge Revenue and Refunding Bonds. These provisions are further described below.

As the last step of the engagement, the selected firm will provide a written report to Chatham County in accordance with the defined scope of work.

Financial Guarantee Provided by Chatham County, Georgia

In 2012 Chatham County agreed to provide a financial guarantee for the Chatham County Hospital Authority Seven Mill Tax Pledge and Improvement Revenue Bonds (Memorial Health University Medical Center, Inc.) Series 2012A in the amount of \$163,880,000 through an Intergovernmental Contract between the County and the Chatham County Hospital Authority (Authority). The intent of the bond issue was to refund previous debt issued by Memorial Health and provide cash flow savings from the refunding transaction. The transaction also provided some capital funds for Memorial's operations. Chatham County's AA bond rating and millage levy pledge meant that the refunded debt would take advantage of favorable market rates.

During this transaction there were a number of legal documents executed between the County and the Authority, the County and the Hospital, the Authority and the Hospital as well as U.S. Bank, the holder of the bond indenture. Of note are the following points:

- The Loan Agreement between the Authority and the Hospital defined the use of funds from the Authority's Series 2012A bond issue as i) repayment of the outstanding Series 1996A Bonds, Series 2001A Bonds and Series 2004A Bonds issued by the Authority for the Hospital, ii) providing funds for specified equipment and facilities including the Children's Hospital improvements and operating rooms (\$24,453,874), and iii) paying the costs of issuing the bonds (\$2.1 million). The 1996A, 2001A and 2004A bonds all carried a higher interest rate than the newly issued bonds. This transaction freed up cash for the Hospital by providing lower interest rates and a restructured payment schedule, similar to refinancing a home mortgage at a lower interest rate.
- The Authority agreed to provide indigent care facilities and services in exchange for the County's guarantee or payment of the bond's debt service in the Intergovernmental Contract between the County and the Authority. The term of this contract is through the earlier of forty years or the repayment of the Series 2012A bonds.
- The County is authorized to impose an ad valorem tax levy within a seven mill limitation to produce revenue for payment of the Authority's debt service requirement. However, this transaction was never represented as one where the County would assume responsibility for the Bond's annual debt service payments. Various contracts were executed to ensure this such as the Loan Agreement.
- The Loan Agreement between the Hospital and the Authority specifies the methods and timelines whereby the Hospital will make required lease payments to be used for the bond's debt service requirements. Funding for the lease payments will be derived from the gross operating revenues of the Hospital. In addition the Hospital gave the County a security interest in an investment account holding approximately \$14 million,

which is equivalent to the maximum annual debt service (MADS) on the Series 2012A Bonds. The investment account could be used to make the debt service payment in the event of a default by the Hospital on its contractual obligation.

- To ensure the Hospital's liquidity and provide security for the County, the Hospital and County entered into a Covenant Agreement which outlined a number of commitments made by the Hospital including i) establishment of a financial review committee to meet quarterly to review the Hospital's performance and compliance, ii) a requirement for minimum unrestricted cash on hand (liquid funds) equal to at least 65 days of total operating expenses, which would be verified by the Hospital's external auditor annually<sup>1</sup>, iii) a Historical Maximum Annual Debt Service Coverage Ratio of at least 1.20:1 for each fiscal year of the Obligated Group (Memorial Health & Memorial Hospital) also verified by the external auditor annually, iv) timelines for providing quarterly unaudited and annual audited financial information to the County, and v) remedies if the agreement is not followed.
- The Series 2012A Bonds were structured to provide the Hospital with additional unrestricted cash / added cash flow for operating and capital needs. At that time the Board expressed their concern about retaining the high service levels and employment base within the community that was provided by the Hospital. The terms outlined in the Covenant Agreement for the Series 2012A Bonds were less restrictive than those followed by the Hospital under the prior bonds. Most notably the Days Cash on Hand requirement dropped from 85 to 65 days. The average daily expense as of Sept. 30, 2015 was \$1,285,000 based on unaudited numbers; 20 days cash therefore equals \$25.7 million. In addition, the County's guarantee provided a bond rating of Aa2 for the bonds; the prior bonds had a lower rating: Standard & Poor's rating of BB+ (Sept. 2011) with a stable outlook and Moody's rating of Baa3. The County's higher bond rating meant a lower interest expense for the Hospital and Authority.
- One provision of the Series 2012A Bond agreements was a revised structure to the Board of Directors of Memorial Health University Medical Center which required a Bylaw change. The revised Board consists of up to 17 members and no less than 13, with 3 members being practicing physicians and 4 members being part of the Authority, to include the Chair of the Authority. The revised Board structure was

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<sup>1</sup> Days of Unrestricted Cash on Hand is calculated as Unrestricted Liquid Funds for each calendar quarter and calendar year, respectively, divided by the Obligated Group's Total Operating Expenses for the most recent period of four consecutive calendar quarters divided by 365. Unrestricted Liquid Funds means unrestricted liquid cash or cash equivalents (including the funded depreciation account), unrestricted marketable securities and funds held in first security interest held by the Bank and Deposit Control Agreement but excluding i) any funds held by a trustee and restricted to use by the Obligated Group for purposes other than paying operating expenses and debt service generally, and ii) borrowed moneys repayable upon demand or held by the lender as security for loan or pending disbursement upon compliance with certain preconditions.

included in a Memorandum of Understanding between the County and Memorial Health University Medical Center. The MOU also listed other obligations of the Hospital to the County that the Board of Commissioners had requested in 2012. This included the continued operations of the Level I Trauma Center and Level III neonatal intensive care units at the 2011 operational levels.

#### History of Chatham County Hospital Authority

The Chatham County Hospital Authority was established by Chatham County in October 1952 as authorized by the Georgia Hospital Authorities Law. The Authority is a public body, corporate and politic, with broad powers to acquire, construct, improve, alter and repair hospitals, clinics, nursing homes, extended care facilities, medical office buildings and other public health facilities. The Authority may issue revenue bonds and refund outstanding bonds, may establish rates and charges for the services and use of its facilities, and may mortgage, pledge, refund or assign any revenue or income it receives as security for its revenue bonds. The Authority may issue bonds without a public referendum.

The business activities and affairs of the Authority are managed and conducted by a nine member board who serve six-year staggered terms. All members of the Authority's Board are appointed by the Board of Commissioners of Chatham County. Mr. Don L. Waters serves as Chair of the Authority. Legal counsel is provided by Scheer & Montgomery P.C.

Principal facilities consisting of the general acute care hospital are owned by the Authority and are leased and operated by Memorial (the "Hospital"). The Hospital has been leasing the hospital facility from the Authority since October 22, 1984 when it agreed to assume all assets, liabilities, obligations and rights of the Authority. Prior to entering into the lease agreement with the Hospital, the Authority had owned and operated the hospital facility. The current lease agreement is titled the Amended and Restated Lease Agreement (May 1, 2004), and it reflects the terms under which the Authority agrees to the Hospital's operation of the facilities.

The Lease Agreement is a significant document as it defines the relationship and service terms between Memorial and the Authority; therefore, the term "lease agreement" should not be viewed narrowly. In 2012 a First Amendment was added to the 2004 lease agreement to reflect elements specific to the Series 2012A bond transaction including the restructuring of Memorial's Board of Directors. Provisions of the current lease also include that, upon termination of the Lease for any reason, the Hospital is obligated to automatically and irrevocable transfer the hospital facility, any interests of the Hospital relating to the hospital facility, and interest of the Hospital in any revenue fund as well as all of its assets to the Authority. The Authority then would assume all debts, liabilities and obligations of the hospital facility and other hospital assets so transferred, the Revenue fund, and the Hospital's obligation for the Series 2012A Bonds as well as related documents and obligations associated with the bond issue.

#### Role of Novant Health, Inc.

In December 2015 Memorial Health Inc. announced its desire to enter into a Member Substitution Agreement (MSA) with Novant Health, Inc., a non-profit health care system based in Winston-Salem and Charlotte, North Carolina. Under the MSA Novant Health would be added as a member to Memorial Health, Inc., the parent company of Memorial Health University Medical Center, in exchange for certain financial consideration and an additional guarantee and eventual repayment of



the CCHA 2012A Bonds. The County received notification of the MSA from the State of Georgia Department of Community Health when a copy of the Certificate of Need Application was sent to Chairman Al Scott.

Novant was selected from six respondents by Memorial Board members and staff in mid-2015. Throughout the evaluation process Memorial staff had presented the proposed transaction to the County as a strategic partnership. The proposed MSA was not a strategic partnership but was instead a change in control over Memorial Health and its subsidiaries. Following receipt of the CON application, the Chatham County Hospital Authority began negotiations with Novant to restructure the lease to the forty year lease term requested by Novant under the proposed transaction structure. The Authority pressed for guarantees in the lease to retain current service levels for Trauma, Neonatal ICU and indigent care over the lease term. The Authority also expressed interest in maintaining medical education through the residency programs at Memorial. Negotiations progressed until May 9, 2016 when Novant terminated the negotiations.

Novant has a documented history of involvement with Memorial. In 2012 Memorial and Novant entered into a Shared Service Agreement related to supply chain distribution, information technology, clinical equipment management, investment management services, strategic partner investment and other services. Since the initial Agreement there have been several Addendums and additional agreements for services and joint procurement.

Given Novant's termination of negotiations with Memorial and the Authority, the Authority has requested the formation of a joint evaluation committee consisting of members of the Authority and Memorial Board. The joint evaluation committee would revisit the Request for Proposal process, reissue the RFP and evaluate responses. The audit will provide further information to support the efforts of the joint evaluation committee and will also provide assurance about the financial condition of Memorial to the community.

**SECTION VI  
SIGNATURE PAGE**

**ALL FIRMS REQUESTING TO DO BUSINESS WITH CHATHAM COUNTY MUST REGISTER ON-LINE AT [HTTP://PURCHASING.CHATHAMCOUNTY.ORG](http://PURCHASING.CHATHAMCOUNTY.ORG).**

BY: \_\_\_\_\_

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
COMPANY

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
PHONE NO.

\_\_\_\_\_  
E-MAIL ADDRESS

**ATTACHMENT "A"**

**DRUG FREE WORKPLACE CERTIFICATION**

The undersigned certifies that the provisions of Code Sections 50-24-1 through 50-24-6 of the Official Code to Georgia Annotated, related to the Drug Free Workplace have been complied with in full.

1. A drug-free workplace will be provided for the employees during the performance of the contract; and;
2. Each sub-contractor under the direction of the Contractor shall secure the following written certification:

\_\_\_\_\_ (Contractor) certifies to Chatham County that a drug-free workplace will be provided for the employees during the performance of this contract known as AUDIT SERVICES pursuant to paragraph (7), of subsection (B) of Code Section 50-24-3. Also, the undersigned further certifies that he/she will not engage in the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana during the performance of the contract.

\_\_\_\_\_  
CONTRACTOR:

\_\_\_\_\_  
DATE:

\_\_\_\_\_  
NOTARY:

\_\_\_\_\_  
DATE:

**ATTACHMENT "B"**

**PROMISE OF NON-DISCRIMINATION STATEMENT**

Know All Men By These Presents, that I (We), \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_,  
Name Title Name of Bidder

(herein after "Company") in consideration of the privilege to bid/or propose on the following Chatham

County project procurement (AUDIT SERVICES), hereby consent, covenant and agree as follows:

1. No person shall be excluded from participation in, denied the benefit of or otherwise discriminated against on the basis of race, color, national origin or gender in connection with the bid submitted to Chatham County or the performance of the contract resulting therefrom;
2. That it is and shall be the policy of this Company to provide equal opportunity to all business persons seeking to contract or otherwise interested with the Company, including those companies owned and controlled by racial minorities, and women;
3. In connection herewith, I (We) acknowledge and warrant that this Company has been made aware of, understands and agrees to take affirmative action to provide minority and women owned companies with the maximum practicable opportunities to do business with this Company on this contract;
4. That the promises of non-discrimination as made and set forth herein shall be continuing throughout the duration of this contract with Chatham County;
5. That the promises of non-discrimination as made and set forth herein shall be and are hereby deemed to be made a part of and incorporated by reference in the contract which this Company may be awarded;
6. That the failure of this Company to satisfactorily discharge any of the promises of non-discrimination as made and set forth above may constitute a material breach of contract entitling the County to declare the contract in default and to exercise appropriate remedies including but not limited to termination of the contract.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

## ATTACHMENT C

### DISCLOSURE OF RESPONSIBILITY STATEMENT

Failure to complete and return this information will result in your bid/offer/proposal being disqualified from further competition as non-responsive.

1. List any potential conflicts of interest your firm may have in performing this audit.  

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2. List any potential conflicts of interest that any members of your firm may have in performing this audit.  

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3. List any convictions of any person, subsidiary, or affiliate of the company, arising out of obtaining, or attempting to obtain a public or private contract or subcontract, or in the performance of such contract or subcontract.  

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4. List any indictments or convictions of any person, subsidiary, or affiliate of this company for offenses such as embezzlement, theft, fraudulent schemes, etc. or any other offenses indicating a lack of business integrity or business honesty which affects the responsibility of the contractor.  

---
5. List any convictions or civil judgments under states or federal antitrust statutes.  

---
6. List any violations of contract provisions such as knowingly (without good cause) to perform or unsatisfactory performance, in accordance with the specifications of a contract.  

---
7. List any prior suspensions or debarments by any governmental agency.  

---
8. List any contracts not completed on time.

\_\_\_\_\_

I, \_\_\_\_\_, as \_\_\_\_\_  
Name of individual Title & Authority

of \_\_\_\_\_, declare under oath that

Company Name \_\_\_\_\_

the above statements, including any supplemental responses attached hereto, are true.

\_\_\_\_\_  
Signature

State of \_\_\_\_\_

County of \_\_\_\_\_

Subscribed and sworn to before me on this \_\_\_\_\_ day of \_\_\_\_\_

20\_\_ by \_\_\_\_\_ representing him/herself to be

\_\_\_\_\_ of the company named herein.

\_\_\_\_\_  
Notary Public

My Commission expires:

\_\_\_\_\_

Resident State: \_\_\_\_\_



**ATTACHMENT D**

**Contractor Affidavit under O.C.G.A. § 13-10-91(b)(1)**

By executing this affidavit, the undersigned contractor verifies its compliance with O.C.G.A. § 13-10-91, stating affirmatively that the individual, firm or corporation which is engaged in the physical performance of services on behalf of CHATHAM COUNTY has registered with, is authorized to use and uses the federal work authorization program commonly known as E-Verify, or any subsequent replacement program, in accordance with the applicable provisions and deadlines established in O.C.G.A. § 13-10-91. Furthermore, the undersigned contractor will continue to use the federal work authorization program throughout the contract period and the undersigned contractor will contract for the physical performance of services in satisfaction of such contract only with subcontractors who present an affidavit to the contractor with the information required by O.C.G.A. § 13-10-91(b). Contractor hereby attests that its federal work authorization user identification number and date of authorization are as follows:

\_\_\_\_\_  
Federal Work Authorization User Identification Number

\_\_\_\_\_  
Date of Authorization

\_\_\_\_\_  
Name of Contractor

\_\_\_\_\_  
Name of Project

\_\_\_\_\_  
Name of Public Employer

I hereby declare under penalty of perjury that the foregoing is true and correct.

Executed on \_\_\_\_\_, \_\_\_\_, 20\_\_ in \_\_\_\_\_(city), \_\_\_\_\_(state).

\_\_\_\_\_  
Signature of Authorized Officer or Agent

\_\_\_\_\_  
Printed Name and Title of Authorized Officer or Agent

SUBSCRIBED AND SWORN BEFORE ME  
ON THIS THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:  
\_\_\_\_\_

ATTACHMENT E

**Systematic Alien Verification for Entitlements (SAVE)  
Affidavit Verifying Status for Chatham County Benefit Application**

By executing this affidavit under oath, as an applicant for a Chatham County, Georgia Business License or Occupation Tax Certificate, Alcohol License, Taxi Permit, Contract or other public benefit as reference in O.C.G.A. Section 50-36-1, I am stating the following with respect to my bid for a Chatham County contract for \_\_\_\_\_. [Name of natural person applying on behalf of individual, business, corporation, partnership, or other private entity]

1.) \_\_\_\_\_ I am a citizen of the United States.

**OR**

2.) \_\_\_\_\_ I am a legal permanent resident 18 years of age or older.

**R**

3.) \_\_\_\_\_ I am an otherwise qualified alien (8 § USC 1641) or non-immigrant under the Federal Immigration and Nationality Act (8 USC 1101 *et seq.*) 18 years of age or older and lawfully present in the United States.\*

In making the above representation under oath, I understand that any person who knowingly and willfully makes a false, fictitious, or fraudulent statement or representation in an affidavit shall be guilty of a violation of Code Section 16-10-20 of the Official Code of Georgia.

\_\_\_\_\_  
Signature of Applicant:                      Date

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

\_\_\_\_\_  
\* \_\_\_\_\_  
Alien Registration number for non-citizens.

SUBSCRIBED AND SWORN  
BEFORE ME ON THIS THE  
\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_

Notary Public

\_\_\_\_\_  
My Commission Expires:



**ATTACHMENT F**

**BIDDER'S CERTIFICATION REGARDING DEBARMENT, SUSPENSION,  
INELIGIBILITY AND VOLUNTARY EXCLUSION**

The undersigned certifies, by submission of this proposal or acceptance of this contract, that neither Contractor nor its principals is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency, State of Georgia, Chatham County City of Savannah, Board of Education of local municipality. Bidder agrees that by submitting this proposal that Bidder will include this clause without modification in all lower tier transactions, solicitations, proposals, contracts, and subcontracts. Where the Bidder or any lower tier participant is unable to certify to this statement, that participant shall attach an explanation to this document.

Bidder must verify Sub-Tier Contractors and Suppliers are not debarred, suspended, ineligible, pending County litigation or pending actions from any of the above government entities.

Certification – the above information is true and complete to the best of my knowledge and belief.

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(Printed or typed Name of Signatory)

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(Signature)

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(Date)

**NOTE:** The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001

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**ATTACHMENT G**

**Chatham County  
Minority and Women Business Enterprise Program  
M/WBE Participation Report**

Name of Bidder: \_\_\_\_\_

Name of Project: \_\_\_\_\_ Bid No: \_\_\_\_\_

M/WBE Firm	Type of Work	Contact Person/ Phone #	City, State	%	MBE or WBE

MBE Total \_\_\_\_\_%      WBE Total \_\_\_\_\_%      M/WBE Combined \_\_\_\_\_%

The undersigned should enter into a formal agreement with M/WBE Contractor identified herein for work listed in this schedule conditioned upon execution of contract with the Chatham County Board of Commissioners.

Signature \_\_\_\_\_ Print \_\_\_\_\_

Phone ( ) \_\_\_\_\_ Fax ( ) \_\_\_\_\_



**ATTACHMENT H**

**AFFIDAVIT REGARDING LOBBYING**

Each Bidder/Proposer and all proposed team members and subcontractors must sign this affidavit and the Bidder/Proposer shall submit the affidavits with their proposal confirming that there has been no contact with public officials or management staff for the purpose of influencing award of the contract. Furthermore, each individual certifies that there will be no contact with any public official prior to contract award for the purpose of influencing contract award.

The undersigned further certifies that no team member or individual has been hired or placed on the team in order to influence award of the contract. All team members are performing a commercially useful function on the project.

Failure to provide signed affidavits from all team members with your response may be cause to consider your bid/proposal non-responsive.

\_\_\_\_\_  
BY: Authorized Officer or Agent

Date \_\_\_\_\_

\_\_\_\_\_  
Title of Authorized Officer or Agent

\_\_\_\_\_  
Printed Name of Authorized Officer or Agent

SUBSCRIBED AND SWORN  
BEFORE ME ON THIS THE  
\_\_\_\_ DAY OF \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
My Commission Expires:

My Commission expires:  
\_\_\_\_\_

Resident State: \_\_\_\_\_

LEGAL NOTICE

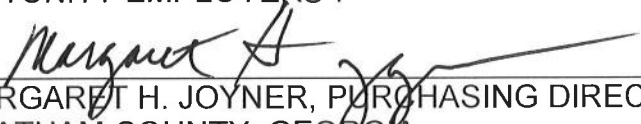
CC NO. 166515

Chatham County, Georgia is seeking statements of qualifications from firms interested in providing **Audit Services for Chatham County** Request for Qualifications No. **16-0057-1**.

Proposals are due by **5:00 P.M. on July 21, 2016 (Local Time)** and must be mailed or hand delivered to the Chatham County Purchasing Office, 1117 Eisenhower Drive, Suite C, Savannah, Georgia.

A copy of this Request for Proposal is available in Chatham County Purchasing Office, 1117 Eisenhower Drive, Suite C, Savannah, Georgia. For additional information concerning specifications, please contact Purchasing and Contracting at 912-790-1620. Specifications are also available on and can be downloaded from the County's website at [www.purchasing.chathamcounty.org](http://www.purchasing.chathamcounty.org).

CHATHAM COUNTY RESERVES THE RIGHT TO REJECT ANY/AND ALL BIDS AND TO WAIVE ALL FORMALITIES. "CHATHAM COUNTY IS AN EQUAL OPPORTUNITY EMPLOYER, M/F/H, ALL BIDDERS ARE TO BE EQUAL OPPORTUNITY EMPLOYERS".

  
MARGARET H. JOYNER, PURCHASING DIRECTOR  
CHATHAM COUNTY, GEORGIA

- Savannah News- INSERT: July 7, 2016