

MEMORANDUM

TO: AMY M. TOMAN, TALLAHASSEE CITY ATTORNEY
KRISTEN COONS MCRAE, SENIOR ASSISTANT CITY ATTORNEY

FROM: E. MURRAY MOORE, JR. AND JERRY BRYANT, GENERAL COUNSEL,
TALLAHASSEE MEMORIAL HEALTHCARE, INC. (TMH)

RE: PROPOSED CHANGES TO TMH GOVERNING DOCUMENTS

DATE: JANUARY 24, 2025

The Board of Directors of TMH voted to move forward with restructuring itself in order to establish a health system model of governance. The restructured model creates a smaller Board of Directors of Tallahassee Memorial HealthCare, Inc. d/b/a Aerris Alliance, which will be known as the Aerris Board. The role of the Aerris Board is to oversee the entire health system. The restructured model leaves intact the current TMH Board which will continue to oversee the operations of Tallahassee Memorial Hospital and will continue to be known as the TMH Board. The TMH Board will report up to the Aerris Board, which will be the fiduciary “parent.”

To accomplish this restructuring, the TMH Board voted to approve changes to the Second Amended and Restated Articles of Incorporation and the Fourth Amended and Restated Bylaws (together, the “Governing Documents”), subject to confirmation by the City in accordance with the terms of the Fourth Amended and Restated Lease Agreement between TMH and the City. If approved by the City, the planned implementation date is October 1, 2025.

Redlined versions of the proposed revised Governing Documents are attached. Below is an outline of proposed substantive changes to the Governing Documents for your review:

1. Third Amended and Restated Articles of Incorporation. The modified Articles of Incorporation:
 - Adds references to the fictitious name of “Aerris Alliance”
 - Broadens the scope of purpose of the organization: “establish and operate a health care system, hospitals....”
 - Reduces the minimum number of directors to 7

- Modifies the asset distribution provision to provide for the scenario in which Aerris holds assets other than Tallahassee Memorial Hospital
- Removes a reference to a President of the Corporation
- Clarifies that the Aerris CEO is a non-voting ex-officio member of the Aerris Board
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- 2. Fifth Amended and Restated Bylaws. The modified Bylaws:
 - Adds references to Aerris Alliance
 - Refers to the health system model; expands language to allow for other hospitals and facilities
 - Modifies the size of the Aerris Board to between 7 and 9 members
 - Establishes the TMH Board (to be operated pursuant to a Charter approved by the Aerris Board)
 - Provides Board overlap
 - o The Officers of the TMH Board (plus the immediate past TMH Board chair) will serve as ex-officio voting members of the Aerris Board for so long as they are Officers of the TMH Board
 - This means a majority of the Aerris Board will be Officers (plus the immediate past chair) of the TMH Board
 - o Up to 4 at-large members will be elected by the Aerris Board
 - 2 year terms, staggered
 - No more than 3 consecutive terms
 - Term-limited Directors who roll off the Board after 3 terms (or, in the case of an initial director, after his/her initial term) are eligible again for service after a one-year hiatus
 - Clarifies that the City retains the right to confirm new TMH Board members (not Aerris Board members)
 - Deletes a reference to Roberts' Rules of Order
 - Adds an indemnification provision for Directors and Officers
 - Streamlines the committee structure
 - o Moves Finance, Planning, Combined Resolution, PAQC to TMH Board Charter; Audit Compliance participation referenced in TMH Board Charter; deletes Executive Committee
 - o Nominating, Compensation and Audit Compliance remain
 - Bolsters the Medical Staff provisions

Once you have had a chance to review, please let me know if you would like to meet to walk through these documents. Thank you.