



March 24, 2025

VIA HAND DELIVERY

Reese Goad, City Manager
City of Tallahassee, Florida

Dear Mr. Goad,

On behalf of the Board of Directors of Tallahassee Memorial HealthCare, Inc. ("TMH, Inc.") I am providing this letter in response to a document titled "Agenda Item Details," relating to the March 26, 2025, City Commission meeting agenda item 12.01 "Tallahassee Memorial Healthcare [sic] (TMH) Governing Restructure Proposal." This Agenda Document was received by TMH CEO Mark O'Bryant on Thursday, March 20, 2025, and addresses some issues which neither the City of Tallahassee nor FSU have previously discussed with TMH, namely the potential sale of the Tallahassee Memorial Hospital campus property. Therefore, we wanted to take this opportunity prior to the Commission meeting on Wednesday to clarify some matters and correct some misstatements contained in that Agenda Document.

We want to be clear that TMH, Inc. has not requested that the City consider divesting itself of ownership of the leased Hospital property. In fact, the City has not discussed that concept with TMH, Inc., and the first that we heard of this suggestion, which also implies a potential sale to a third party, was when we read it in the Agenda Document on Thursday.

Tallahassee Memorial HealthCare, Inc. is a Florida not-for-profit corporation which holds the license to operate Tallahassee Memorial Hospital. TMH, Inc. leases the "main campus" of Tallahassee Memorial Hospital from the City of Tallahassee, pursuant to the Third Amended and Restated Lease Agreement, as it has been subsequently modified. TMH, Inc. has remained in full compliance with the terms of the Lease, and no event of default has ever been declared by either the City or TMH, Inc. If the City has issues or concerns regarding the performance of Tallahassee Memorial Hospital or its compliance with the Lease, those have not been made known to TMH, Inc.

The recent request from TMH, Inc. to the City was to seek confirmation of the modifications to the Articles of Incorporation and the Bylaws which were already approved by the TMH, Inc. Board of Directors. The Lease provides that any changes to the Articles or Bylaws of TMH, Inc. made by the TMH Board are subject to confirmation by the City Commission, and the request was submitted in compliance with the Lease requirements.

Office of the Board of Directors

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In addition, the fifth paragraph on page 1 of the Agenda Document states correctly that one of the Bylaws modifications “would not give the City confirmation authority over appointments to the new overarching Health System Board.” However, we would like to also point out that the proposed modifications would continue to provide the City with confirmation authority over the Hospital Board appointed by the overarching Health System Board and that members of that Hospital Board will constitute a majority of the Health System Board. The City’s confirmation would be limited to the Board that is overseeing the facilities subject to the Lease.

For clarification with regard to the statements made in the last paragraph on page 2/9 of the Agenda Document, the City has facilitated expansions at TMH but has not funded them; typically, the City has acted as a “conduit issuer” when those projects have been financed by the sale of bonds; in those instances, the City has not funded the projects and is not liable for any payments on those bonds. TMH has historically serviced all its debt appropriately and continues to do so, which has allowed TMH, Inc. to continue to expand and improve the services provided to our community through Tallahassee Memorial Hospital.

The Agenda Document also seems to imply that FSU and TMH have established an Academic Medical Center at TMH. As to that reference on page 3/9 of the Agenda Document, we would like to clarify that FSU and TMH have been in negotiations with regard to establishing an academic health center model, but that relationship structure has not been finalized or implemented. Separately, FSU is constructing the building on the TMH campus to be known as “FSU Health” as described in the Agenda Document.

The Agenda Document’s reference to the Transformation Committee is incorrect; the Transformation Committee was appointed by TMH, Inc. and FSU at the outset of discussion to help shape an initial vision of the TMH, Inc./FSU Health relationship, but that Committee is no longer active. However, TMH, Inc., FSU and the St. Joe Company are working together to develop the medical campus in Panama City Beach, but the buildings that have been constructed thus far have been built by TMH, Inc. and are not yet known as “FSU Health.”

We would also like to clarify an implication in the third full paragraph on page 3/9 of the Agenda Document that TMH, Inc. may be providing financial support for the construction of the new Calhoun-Liberty Hospital. While TMH, Inc. is proud to support health care efforts in the surrounding communities served by Tallahassee Memorial Hospital including Calhoun and Liberty Counties, we want to clarify that TMH, Inc. is not providing funding for the new Calhoun-Liberty Hospital.

Health care needs in Florida’s Big Bend and eastern Panhandle continue to grow and evolve, alongside industry-wide trends toward consolidation. Recognizing this, the TMH Board and Administration have prioritized maintaining TMH’s independence and its legacy as a trusted, community-based healthcare provider.

To achieve this, TMH has forged strategic partnerships with organizations that share our commitment to community health. This growth necessitates a system-wide approach to governance, ensuring TMH can efficiently and appropriately manage healthcare services across the broader region, including many

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rural communities. Without such a structure, TMH risks being absorbed by larger, out-of-state systems whose priorities may not align with the best interests of the patients and families we serve.

By proactively evolving, we can continue delivering exceptional care while safeguarding TMH's role as a vital, locally governed healthcare institution. Therefore, we have requested that the City Commission confirm the changes to the TMH, Inc. Articles of Incorporation and Bylaws as presented as soon as possible. Because consideration of a potential sale of the Tallahassee Memorial Hospital Campus property will require study and thoughtful discussion to determine what is in the best interest of our community, we would also request that the issue of potentially selling the Leased property be considered separately, allowing adequate time to address all relevant issues through appropriate conversations involving all affected parties, including the potential to transfer the leased property to TMH, Inc.

At the end of the day, patient care is TMH's principal focus, and we are consistently working to improve and deliver the highest quality care for our community.

Sincerely,



Sally Bradshaw, Board Chair
Tallahassee Memorial HealthCare, Inc.

cc: The Honorable John E. Dailey,
Mayor of the City of Tallahassee (VIA HAND DELIVERY)
Tallahassee City Commissioner Jeremy Matlow (VIA EMAIL)
Tallahassee City Commissioner Jack Porter (VIA EMAIL)
Tallahassee City Commissioner Curtis Richardson (VIA EMAIL)
Tallahassee Mayor Pro Tem Dianne Williams-Cox (VIA EMAIL)

TMH, Inc. Board Members (VIA EMAIL)