

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“MOU”) outlines a proposed structure between Florida State University (“FSU”) and Tallahassee Memorial HealthCare, Inc. (“TMH”) for the matters set forth herein. This document will serve as the basis for subsequent development of their collaboration in definitive agreements. This MOU is non-binding and intended to guide further discussion to define a relationship between FSU and TMH for the matters set forth herein.

### Introduction

- A. **Purpose.** The following represents an overview of certain key terms of the affiliation (the “Affiliation”) for the new MOU” by and between Florida State University and/or one or more of its component units (collectively, “FSU”) and Tallahassee Memorial HealthCare, Inc. (“TMH”) with respect to Tallahassee Memorial Hospital (the “Hospital”) and TMH’s controlled affiliates and subsidiaries.
- B. **Definitive Agreements.** The terms described in this MOU are (i) intended to guide further discussions between FSU and TMH (each a “Party” and together the “Parties”) and (ii) subject to the Parties’ further development, agreement, execution and delivery of definitive agreements (“Definitive Agreements”) that will set forth the Parties’ final agreement regarding the terms and conditions of the Affiliation.
- In addition to the terms set forth in this MOU, the Definitive Agreements will also include terms and conditions that are usual and customary to such agreements and/or as otherwise mutually agreed upon by the Parties.
- C. **Process.** Once this MOU is accepted by both Parties, the Parties will coordinate and cooperate with respect to the development, approval and execution of the Definitive Agreements for each of the Affiliation and the PCB Transaction as reasonably promptly as possible. Such coordination and cooperation by the Parties shall include, without limitation, the commitment of personnel and resources by each of the Parties as reasonably necessary to finalize the Definitive Agreements for the Affiliation and PCB Transaction as reasonably promptly as possible, including: (i) the development and implementation of project timelines and work plans, (ii) the receipt of necessary regulatory and third-party approvals, (iii) the conduct of due diligence, (iv) the receipt of assurances at the earliest feasible date of satisfactory financing arrangements for the PCB Transaction, and (v) the performance of any other acts as are reasonably necessary to negotiate, approve, execute and deliver the Definitive Agreements in a reasonably prompt manner.

## 1. General Structure of Affiliation

- A. Overview of Shared Purposes of Affiliation and Missions.** The primary purpose of the Affiliation is to accomplish the shared objectives of the Parties regarding the development of an academic health center to serve the expanding needs of the Tallahassee region. More specifically, the Parties recognize that the Affiliation will further (i) TMH's tax-exempt, charitable mission of providing high-quality care to Tallahassee and the surrounding communities, and (ii) FSU's educational and research mission. The Affiliation will not alter either Party's mission or core values.
- B. Transfer from City.** The Parties will coordinate and cooperate with respect to obtaining approvals required to transfer the land to FSU from the City of Tallahassee (the "City") on which the Hospital is situated as well as the component buildings, parking lots and other improvements on the land (collectively the "Hospital Campus") that are owned by the City (such property owned by the City and currently leased to TMH as of the date hereof, hereinafter, at times "City Leased Property"). Once this MOU is executed by the Parties, the Parties will continue with moving the process forward with the PCB Lease and Operating Agreement ("PCB LOA") and related PCB agreements and with negotiating the other Definitive Agreements.
- C. Lease and Operating Agreement.** The Parties will negotiate and enter into a new Lease and Operating Agreement ("LOA") pursuant to which TMH will lease the Hospital Campus from FSU and operate the Hospital. The LOA will include terms that are consistent with the terms set forth in Section 2 of this Term Sheet and other terms and conditions as mutually agreed upon by the Parties.
- D. Governance and Operation.** As the licensed operator of the Hospital, the Parties acknowledge and agree that TMH will retain control over the operations of the Hospital and TMH's other businesses, subject to coordination and cooperation of the Parties as contemplated under the Affiliation and this Term Sheet. Consistent with TMH's retention of control as the licensed operator of the Hospital:
- i. The Affiliation will not change the Hospital's status as an independent entity, including, the preservation of its (i) tax-exemption under Section 501(c)(3) of the Internal Revenue Code, (ii) federal tax identification number and Medicare provider numbers. The Hospital financial statements will not be consolidated with the operations of FSU.
  - ii. The Affiliation will also provide other terms and conditions regarding the role of the Parties in the governance and administration of the Hospital, including consideration of the terms set forth at Section 3 of this Term Sheet.
- E. Financial Matters.** The financial structure of the Affiliation will include terms and conditions relating to financing, funds flow, contributions and other financial arrangements between the Parties. Such arrangements will be developed and agreed upon by the Parties in the Definitive Agreements, including, without limitation, the matters identified at Section 5 below.
- F. Co-Branding.** The Affiliation will include the development of co-branding guidelines to be set forth under the terms of a Branding Agreement. The Branding Agreement

will provide for, among other items, the licensing of the trademark name “FSU Health” to TMH in accordance with the standards set forth at Section 5 below and such other terms as agreed upon by the Parties as set forth in the Branding Agreement.

**G. Academic and Clinical Collaboration.** The Parties shall collaborate on academic programs and clinical research pursuant to an Academic and Clinical Collaboration Agreement (“ACCA”) including, consideration of the terms set forth at Section 4 below.

**H. Definitive Agreements.** The terms and conditions of the transactions contemplated by the Affiliation will be set forth in the Definitive Agreements, including the LOA, Branding Agreement, ACCA and such other agreements and documents as agreed upon by the Parties. The Definitive Agreements are subject to (i) the Parties’ mutual agreement with respect to the binding terms and conditions of the Affiliation, (ii) the approval of the (1) Parties and their respective governing boards/bodies of the Parties, including the Board of Governors of the State of Florida’s University System, (2) government agencies, including, the City, and (3) third-parties, including, applicable bond issuers and/or lenders and (iii) satisfaction of the conditions of closing set forth in the Definitive Agreements.

## **2. Key Terms of Lease and Operating Agreement**

**A. Term.** The initial term of the LOA shall be 40 years. Thereafter, the term of the LOA shall automatically renew for up to 3 successive terms of 10 years each unless either Party gives at least 3 years’ advance written notice of non-renewal.

**B. Termination.** The LOA will set forth certain termination provisions that reflect the shared commitment to a long-term affiliation relating to the operation of a world-class academic health center. Such provisions will include (a) the identification of specific events of material breach that will trigger termination rights of each Party; (b) the inclusion of specified performance metrics (to be a pared down list from the PCB LOA) with substantial corrective action, cure, unwind and transition processes, (c) limits on the ability to terminate the Branding Agreement and ACCA during the term of the LOA, including, clarification that any such termination of the Branding Agreement or the ACCA will not terminate the LOA, and (d) provisions permitting FSU to terminate the PCB LOA (in accordance with the intended process set forth in the PCB LOA) if the LOA for the Hospital Campus is terminated, but prohibit the termination of this LOA in the event of a termination of the PCB LOA. (See further discussion on “Effect of Termination” below).

**C. Operating Costs.** TMH shall be responsible for all costs to operate the Hospital Campus, including without limitation, the costs of purchasing, securing and maintaining all assets, the costs of obtaining and maintaining all required licenses and permits, and the costs of obtaining and maintaining all required and commercially appropriate insurance coverages (including property casualty, general liability, workers compensation, professional liability, director and officer liability, and cyber insurance, all with both individual and aggregate limits). Except with respect to any shared employees as mutually agreed upon by the Parties and set forth in employee leasing or other staffing agreements, TMH shall employ all employees (including

clinicians such as physicians and advanced practice providers) and contract with all contractors necessary to operate Tallahassee Memorial Hospital. TMH will have financial responsibility for all compensation and benefits as well as the establishment and administration of competitive benefit plans.

- D. Repair and Maintenance Costs.** TMH shall be responsible, at its sole cost and expense, for maintenance and repairs to the Hospital Campus, including but not limited to costs and expenses for the repair, replacement and maintenance of structural items and mechanical and building systems serving the Hospital Campus, the buildings and common areas (including but not limited to foundations, exterior walls, roofs, parking lots, plumbing, electrical and HVAC), except as set forth in the Ground Sublease dated August 16, 2024 between the Parties for the Florida State University Academic Health Center. TMH's responsibility for such maintenance and repairs will extend to future improvements unless separately negotiated by the Parties. Repair and maintenance expenses will be budgeted to ensure appropriate upkeep of Tallahassee Memorial Hospital. TMH shall be required to maintain all facilities and assets in a state of good repair (meaning a condition that allows all assets to perform reliably and consistently and requiring regular maintenance and inspections and the replacement of assets and components thereof before they wear out) on a basis consistent with historical practices and industry standards for similarly situated hospitals.
- E. Taxes.** TMH will be responsible for payment of all applicable taxes, if any, associated with the Hospital Campus.
- F. Rent.** In recognition of TMH's responsibility for capital improvements and the maintenance of the Hospital Campus, except as otherwise expressly agreed upon by the Parties, the Affiliation will preserve the fee structure under TMH's current lease with the City which requires TMH to pay an annual rental fee of \$1.
- G. Medical Staff.** The Tallahassee Hospital Medical Staff members shall be duly licensed, board-eligible, and meet applicable TMH Medical Staff Bylaws and regulatory requirements related to board certification completion.
- H. Payer Participation.** TMH shall participate as an in-network provider with Medicare, Medicaid and the State of Florida's workers' compensation program and use best efforts to participate as an in-network provider with all major managed care plans, provided that such participation and contracting arrangements will be determined by TMH based on consideration of the various factors, including, those relating to access, mission, financial sustainability and the goals of the Affiliation.
- I. Capital Expenditures.** The TMH Board shall have control over capital budgetary matters for TMH, subject to a supermajority vote. Any request for modifications, improvements or renovations of the Hospital which exceed \$5 million and are not previously approved through the capital budgeting process by the TMH Board shall be subject to approval by a supermajority of the TMH Board. All costs related to such approved modifications, improvements, or renovations will be the responsibility of TMH unless set forth in the Definitive Agreements.

- J. Operating Metrics.** TMH shall be required to meet certain metrics (each a “Metric”), the required values and details to be further delineated in the LOA, regarding CMS Star Rating, Joint Commission accreditation (or accreditation by another appropriate body), HCAHPS scores, financial metrics, and such other metrics as may be specifically agreed upon by the Parties and set forth in the Definitive Agreements. The Definitive Agreement will include terms and conditions relating to measurement, reporting, compliance, corrective action and cure periods.
- K. Change of Control.** Consistent with the goals of a long-term affiliation, the Definitive Agreements will provide terms and conditions relating to:
- a. a change in control, direct or indirect, of the ownership by FSU with respect to the Hospital Campus, including, terms that provide a right of first refusal to TMH to acquire the Hospital Campus assets at an amount equal to the price paid by FSU for such assets (for the avoidance of doubt, this would also include any payment in lieu of taxes paid by FSU for the Hospital Campus), plus, an amount equal to the cost of any improvements made by FSU to the Hospital Campus.
  - b. a change in control, direct or indirect, of TMH including, terms that provide for FSU’s required approval for any such change.
- L. Assignment, Sublease and Delegation.** The LOA will include terms and conditions relating to arrangements with third parties, including terms relating to the following:
- a. Neither Party may assign the LOA without the prior written consent of the other Party, which consent may be given or withheld at the sole discretion such Party, with each Party making such determination pursuant to its bylaws and appropriate conflict of interest policies, provided that FSU may assign the LOA to an affiliate under the control of FSU or a direct support organization (as defined under applicable laws, rules and regulations) or in connection with a sale of the Hospital Campus as authorized in subsection (K)(a) above.
  - b. FSU’s consent will be required for sublease arrangements except for certain sublease arrangements relating to: (a) the sublease of space to existing sublessees or subsequent sublessees who operate businesses that are comparable to existing subleases; (b) the sublease of standard office space to community physicians and physician groups, (c) non-clinical vendors (e.g. food service vendors), and (d) other categories as may be mutually identified by the Parties and set forth in the LOA.
  - c. TMH may delegate certain rights and obligations to subcontractors and other third parties, as reasonably required for the operation of the Hospital and on a basis consistent with its current arrangements.
- M. Effect of Termination.** The LOA and other Definitive Agreements will set forth terms relating to separation of operations of the Hospital Campus following any termination of the LOA and/or other Definitive Agreements, as applicable. Such terms will include those relating to (i) the transfer of operating assets, employees, and other resources among the Parties or to third-parties, as applicable, (ii) the provision of post-separation

services arrangements between the Parties to ensure continuity of care and operations for an interim period following the termination, and (iii) the standards for continued operation, transition and/or unwind of Affiliation programs and activities, as applicable, during an interim period following the termination.

- N. Insurance.** TMH shall maintain all insurances with individual and aggregate coverages consistent with Florida state law and in types of coverage and amounts mutually agreed upon and set forth in the Definitive Agreements and consistent with hospital industry practices. Insurance coverages will include, but not be limited to, property casualty, general liability, workers compensation, medical malpractice, director and officer liability, and cyber insurance.

### **3. Governance**

- A. TMH Articles of Incorporation and Bylaws.** The TMH Articles of Incorporation and Bylaws shall be amended to be consistent with the terms set forth in this Term Sheet and as otherwise agreed upon by the Parties and set forth in the Definitive Agreements.
- B. Number of Directors.** The TMH Board of Directors (“TMH Board”) will be comprised of seventeen (17) voting directors, inclusive of two (2) ex officio voting directors (the “Directors”). The Board shall also include four (4) ex officio non-voting directors (the “Ex Officio Non-Voting Directors”) whose names will be set forth in the Definitive Agreements. The Parties will collaborate on conflict-of-interest, confidentiality, and fiduciary obligation policies for the TMH Board.
- C. Initial Appointment of Directors.** In the Definitive Agreements, FSU will identify seven (7) of the initial TMH Board members (the “FSU Recommended Board Members”), who shall be appointed to the TMH Board, three (3) of which may be new appointees and four (4) of which must be current members of the pre-reorganized TMH Board, after which TMH will identify ten (10) TMH Board members from the pre-reorganized TMH Board. Commencing in the second year and thereafter, the TMH Bylaws will increase the number of FSU Recommended Board Members to eight (8) and reduce the remaining TMH Board members to nine (9) (as Jim Killius, M.D. a non-FSU Recommended Board Member, will vacate his seat). The process of the rejection of FSU Recommended Board Members shall be consistent with the process agreed upon by the Parties and set forth in the PCB LOA. At least seventy-five percent (75%) of non-FSU Recommended Board Members must be residents of Leon County or a county contiguous to Leon County. The two (2) ex officio voting Directors shall be part of the non-FSU Recommended Board Members.
- D. Subsequent Appointment of Directors.** After the first two (2) years, the TMH Board shall self-elect Directors for appointment, provided that eight (8) Directors must be recommended for election and appointment to the TMH Board by FSU (the “FSU-Recommended Directors”) and the remaining Directors (the “non-FSU-Recommended Directors”) must be recommended for election and appointment to the TMH Board by the TMH nominating committee (which shall consist of non-FSU Recommended Directors). The process of the rejection of FSU Recommended Board

Members shall be consistent with the process that is ultimately agreed upon by the Parties in the PCB LOA.

- E. FSU Recommended Directors.** No more than three (3) FSU-Recommended Directors shall be employees of FSU (and if there are three (3), then at least one (1) must be a physician), and no more than one (1) FSU-Recommended Board Member shall be an FSU Trustee, provided that during the first two (2) years, no FSU-Recommended Board Member shall be an FSU Trustee. At least seventy-five percent (75%) of the FSU-Recommended Board Members shall be residents of Leon County or a county contiguous to Leon County.
- F. Physician Directors.** At least seven (7) Directors of the TMH Board shall be physicians. In the first year, at least two (2) of those physician Directors must be FSU-Recommended Directors. After the first year, at least three (3) of those physician Directors must be FSU-Recommended Directors.
- G. Terms of Directors.** The Parties will agree upon an appropriate transition plan with the goal that Directors will be elected in accordance with the TMH Bylaws, with each having a term of three (3) years so that approximately one-third of the Directors are elected each year.
- H. Officers.** The officers of the TMH Board shall consist of the Chairperson, the Chairperson-Elect, the Secretary and the Treasurer. Except as set forth below, each officer shall serve for a two (2) year term in that office. At all times, no more or less than two (2) of the officers shall be FSU-Recommended Directors. The Chairperson of the TMH Board will be: (i) James Killius, M.D., during the year following the Affiliation and (ii) Claude Walker, during the second year following the Affiliation. Beginning in the third year of the Affiliation, an FSU Recommended Director shall serve as the Chairperson for a two (2) year period. Thereafter, the Chairperson seat, and by extension, the Chairperson-Elect seat shall rotate every two (2) years between a non-FSU-Recommended Director and an FSU Recommended Director. The other initial officers shall be agreed upon and identified in the Definitive Agreements.
- I. Supermajority Decisions.** Except with respect to the special approval requirements that shall be in effect during the two (2) year period following the Affiliation, as set forth below, a supermajority approval of 13 out of 17 Directors will be required for certain TMH Board decisions, including the selection and hiring of the TMH CEO. The matters that require supermajority approval shall include major decisions, such as mergers and material acquisitions and other matters as shall be specified by the Parties and set forth in the Definitive Agreements. During the first year following the Affiliation, the supermajority approval threshold shall be 15 out of 17 Directors and during the second year of the Affiliation, the supermajority threshold shall be 14 out of 17 Directors.
- J. CEO Selection and Authority.** The TMH Board shall be responsible for the selection of any future individuals to fill any vacancy in the office of the TMH CEO arising after the closing date of the Affiliation. The oversight of the TMH CEO shall be the responsibility of the TMH Board. The CEO shall be identified through a search

committee comprised of an equitable number of FSU-Recommended Directors and non-FSU-Recommended Directors. The CEO will be employed by TMH and will have the sole and absolute discretion to hire all TMH executives, provided that the CEO shall consult with the TMH Board Officers prior to hiring any executive, including the lead executive of the Hospital (subject to the PCB LOA requirements relating to designation of executive(s) with responsibility for operations under the PCB Transaction).

- K. Amendments to Articles of Incorporation and Bylaws.** No changes can be made to the Articles of Incorporation or the Bylaws without the supermajority approval of the TMH Board.

#### **4. Academic and Clinical Collaboration**

- A. ACCA.** The ACCA shall, among other matters, govern how clinical research will be promoted and supported and increase access to and funding for medical education. To that end, the ACCA shall set forth objectives and goals and shall flesh out shared services for education and research. Existing (to be defined by the Parties) private research group activity and future private research group activity performed by private groups, including, research conducted by the Tallahassee Research Institute will continue to be independent from the scope of the research that is conducted as part of the Affiliation; provided, however, that the Parties shall collaborate to identify ways that all research happening in connection with the Hospital will be benefit both Parties. TMH may not collaborate with another academic institution without FSU's consent, except as set forth below. FSU shall serve as the prime applicant and awardee on all applications for federal and state research grants, contracts, or cooperative agreements, that govern the conduct of research at TMH unless otherwise mutually agreed in writing by both TMH and FSU. For the avoidance of doubt, the restrictions set forth in this paragraph shall not impact TMH's relationships with (1) private research group activity (as described above), or (2) FAMU or TSC (as defined below), or (3) arrangements with academic institutions for patient transfer or vocational purposes or that are for one-off situations (e.g. an agreement with an out-of-state university to permit a resident to rotate at the Hospital from time to time) and/or routine situations, all as mutually agreed upon in the Definitive Agreements, or (4) other arrangements as mutually agreed upon by the Parties and set forth in the Definitive Agreements.
- B. Term.** The initial term of the ACCA shall be forty (40) years. Notwithstanding the foregoing, no less often than every five (5) years, the Parties shall collaboratively reexamine the ACCA and reasonably negotiate, in good faith, changes to the ACCA to reflect changes in the industry, service market, strategy, or scope of affiliation if any, consistent with the purposes and objectives of the Affiliation.
- C. Education.** The Parties shall work together to expand and grow graduate medical education ("GME") programs as financially feasible. Except with respect to arrangements in effect as of the closing of the Affiliation and/or where such programs do not present a conflict of interest and are not otherwise duplicative or inconsistent



with the goals of the Affiliation, the GME programs hosted by TMH will be sponsored by FSU unless specifically waived by FSU at its sole discretion.

- D. Educational Space.** TMH will provide space at the Hospital for residents and students pursuant to allocation guidelines that will be further specified in the ACCA.
- E. Committees.** Pursuant to the ACCA, the Parties will create a Dispute Resolution Committee, a Strategic Steering Committee (as described further in Section 7 below), Clinical Research Committee and Academic Programs Committee. The committees established as part of the Affiliation shall have such responsibility and authority as set forth herein and as otherwise specified in the Definitive Agreements and/or the committee charters established by the TMH Board upon a supermajority vote from time to time. The FSU Recommended Directors will also participate in TMH's other committees in accordance with the terms and conditions set forth in the committee charters upon a supermajority vote and as otherwise determined by the TMH Board from time to time; provided, however, that from and after the date of the Affiliation any Board decision to delegate Board authority from the TMH Board to a committee shall be deemed an amendment to the Bylaws and require a supermajority approval of the TMH Board.
- F. Academic Programs Committee.** The Academic Programs Committee will recommend a budget for all approved academic programs and identify sources of funding and forward the proposed budget to the Strategic Steering Committee to be used to develop TMH's annual operating and capital budgets.
- G. Clinical Research Committee.** The Clinical Research Committee will (i) identify research programs and funding sources and (ii) participate in the oversight of all clinical research performed at the Hospital conducted within the scope of the Affiliation.
- H. Dispute Resolution Committee.** The Dispute Resolution Committee will include officers of both Parties and will have the authority to resolve all disputes between FSU and TMH under the ACCA. Prior to referral to the Dispute Resolution Committee, the dispute will be negotiated by the CEO of TMH (or his or her designee) with the FSU President (or his or her designee). If the Dispute Resolution Committee is unable to resolve the dispute, the Parties will have recourse in accordance with the terms set forth in the ACCA.
- I. Intellectual Property.** Ownership of intellectual property will be set forth in the Definitive Agreements, but shall generally be owned by the Party that employs the individual(s) responsible for the development of such intellectual property, and any intellectual property developed jointly by employees of both Parties shall be jointly owned, unless otherwise mutually agreed upon by the Parties.
- J. Recruitment.** TMH will utilize good faith, commercially reasonable efforts to recruit FSU, Florida A&M University ("FAMU") and Tallahassee State College ("TSC") students and alumni and will participate in FSU career fairs and other events. It is the

intent of the Parties to work to expand the Hospital's relationship with FAMU and TSC.

- K. Research Activity.** TMH clinical research professional employees who (i) are hired after the effective date of the Affiliation and (ii) conduct research on programs conducted through the Affiliation shall meet standards and qualifications set forth in the Definitive Agreements and/or as otherwise agreed upon by the Parties from time to time.
- L. Data Sharing.** The Parties will coordinate and cooperate with respect to development of processes and standards required to obtain consents and authorizations to permit the release of data to FSU. The Parties will agree upon the terms of a data access agreement that will permit FSU's use of data for research and other purposes consistent with its mission and in accordance with applicable laws, rules and regulations.
- M. Centers of Excellence.** The Parties will collaborate on identifying, developing and implementing specialty service lines and programs ("Centers of Excellence"), including, the strategy and recruitment for such Centers of Excellence and the budgets for such Centers of Excellence.

## **5. Branding**

- A. Branding Agreement.** The Parties shall enter a Branding Agreement that will set forth the terms and conditions pursuant to which FSU will license, and TMH shall use, the brand of "FSU Health" on: (i) an exclusive basis (1) for the operations of the Hospital in Leon County, Bay County and Walton County, (2) for the other operations of TMH that are part of the Affiliation in Leon County and (3) for the first five (5) years, for the other operations of TMH that are part of the Affiliation in Bay County, and (ii) on a non-exclusive basis following the first five (5) years for the other operations of TMH that are part of the Affiliation in Bay County provided that in connection with such non-exclusive basis, FSU will consult with TMH before licensing the brand for any other purpose in Bay County. The Branding Agreement will include, without limitation, terms and conditions relating to (i) the use of specified trademarks, logos, color schemes and trade dress (the "Licensed Marks"), (ii) branding guidelines and co-branding in marketing materials and other permitted uses (iii) exceptions for certain current "grandfathered" activities and for any academic, research and/or education purpose(s), and (iv) limits on the exclusive rights of TMH to use "FSU Health" in the specified territory with respect to certain arrangements that may create a conflict of interest with FSU and/or which are otherwise mutually agreed upon by the Parties and set forth in the Definitive Agreements.
- B. Term.** The initial term of the Branding Agreement shall be forty (40) years.
- C. Brand Oversight.** FSU shall maintain brand oversight pursuant to the terms of the Branding Agreement. The terms will include clinical quality, community stewardship, financial stability and maintenance of the goodwill associated with the brand. The

TMH name shall be included in a co-brand for Tallahassee Memorial Hospital for at least the first 10 years of the initial term of the LOA, except as otherwise determined by the TMH Board.

- D. Approval.** FSU reserves exclusive rights to approve use of the FSU brand for any goods or services, subject to the terms of the Branding Agreement. Such approval shall be in the sole discretion of FSU.
- E. Enforcement.** FSU will enforce related trademark rights and infringement by third parties related to its brand and the Licensed Marks.
- F. Licensing Fee.** TMH will pay FSU a licensing fee that is consistent with the mutually agreed upon fair market value of TMH's license to use of the FSU name. The licensing fee shall be subject to adjustment on the 3<sup>rd</sup> anniversary date of the closing of the Affiliation and every three (3) years thereafter, to reflect the results of a fair market value assessment performed by an independent appraiser selected by FSU. To enhance the long-term viability of the Affiliation, any increase shall be subject to caps set forth in the Branding Agreement and/or otherwise agreed upon by the Parties, including, consideration of changes in the scope of the Affiliation from and after the date of the Affiliation.

## **6. Financial Matters**

The Parties will develop and mutually agree upon support payments, funds flow and other financial arrangements to be implemented as part of the Affiliation. The nature, amount and computation methodology of such arrangements will be set forth in the Definitive Agreements and may include, without limitation, the following:

- A. Support Payments.** Academic support payments by TMH to FSU shall be based upon methodology as agreed upon by the Parties.
- B. Capital Expenses.** FSU shall initiate or review a request from TMH for certain capital expenditures related to the Hospital Campus and the Affiliation, all in accordance with a process set forth in the Definitive Agreements whereby, FSU shall, after consultation with TMH, in good faith, review, consider and make a timely decision on each such request, taking into account the reasonable needs of the Hospital Campus and the Affiliation, the purpose of the Affiliation, and the impact on the community and FSU, among other factors to be set forth in the Definitive Agreements. Through this collaborative process, both TMH and FSU will arrange for capital expenditures for approved requests.
- C. Access to Financing.** FSU shall facilitate access by TMH to financing for the PCB Transaction on a long-term basis. FSU shall also work in good faith and in collaboration with TMH regarding the financing of future program and facilities opportunities in furtherance of the Parties' shared purposes as described in Section 1.A. above.
- D. Charity Care Policy.** TMH shall maintain its existing charity care policy.
- E. Funding Opportunities.** Both Parties share the mutual goal of improving health care for all Floridians. Therefore, the Parties shall consult with each other in connection

with funding opportunities related to the Affiliation. As a state agency, FSU will solely handle any legislative appropriation requests regarding FSU Health (but will consult with TMH), which, if any, will be for the betterment of healthcare in the community and consistent with the healthcare priorities of the State of Florida. Consistent with prior practices, TMH may separately pursue funding from various sources upon advance written notice to FSU, but may not use the FSU or FSU Health names without FSU's prior written consent. The Parties also shall collaborate on community resources and other funding opportunities to facilitate the Hospital's ability to benefit the Affiliation.

**F. Fundraising.** The Parties will determine and implement the structure for fundraising.

**Updates.** To enhance the Parties' continuing ability to meet the goals and objectives of the Affiliation Agreement, the Definitive Agreements will include provisions relating to the process for periodic assessment and update of the terms and conditions of the financial arrangements during the term of the Affiliation.

**Inspection and Access.** Each Party shall have inspection rights relating to the books and records of the other Party relating that are relevant to the other Party's performance under the Affiliation, as further defined in the Definitive Agreements. Any such inspections shall be subject to prior notice requirements and shall be conducted at the cost of the requesting Party.

## **7. Strategic Planning**

**A. Strategic Plan.** Consistent with its role as the licensed operator of the Hospital, the strategic plan for TMH will be the responsibility of the TMH Board; provided, however, that the TMH Board shall timely consider a strategic plan proposed by the TMH Strategic Steering Committee for the Tallahassee Hospital. Such plan shall include, without limitation, strategic programs/services such as Centers of Excellence and other programmatic initiatives to improve access to high quality health care for the region served by the Hospital. The TMH Board shall consult with TMH's Strategic Steering Committee, GME Committee and Academic Programs Committee for any strategic initiatives with respect to academic matters.

**B. Implementation.** The TMH Board and/or Finance Committee with input from the TMH Strategic Steering Committee shall timely approve and implement annual operating and capital budgets that support the operational requirements and strategic plan for the Hospital.

**C. Community Needs Assessment.** In consultation with FSU, TMH shall conduct a Community Health Needs Assessment ("CHNA") for TMH at least every 3 years. The CHNA shall include consideration of TMH's charitable purposes, including those fulfilled through the Affiliation.

**D. Regional Engagement.** The Definitive Agreements shall include standards necessary to ensure that TMH retains its authority (i) to operate and participate in its current programs activities and (ii) to develop, implement and operate new programs and activities from and after the date of the Affiliation that are deemed necessary by the TMH Board to fulfill the community needs in the Tallahassee region, except where

such regional activities are deemed by the TMH Board to (1) represent a conflict of interest with the Affiliation, or (2) are duplicative or dilutive to the Affiliation and/or (3) are otherwise incompatible with the purposes of the Affiliation. Notwithstanding the foregoing, TMH may not engage in any relationship with any other hospital or health system except upon a supermajority vote of the TMH Board. There will be exceptions for patient transfer agreements, existing, grandfathered relationships, and other relationships mutually agreed upon and set forth in the Definitive Agreements.

**E. Expansion.** TMH shall not expend funds in excess of \$5 million per annum for any capital or operating expense (in aggregate) outside of Leon and Bay Counties without a supermajority vote of the TMH Board.

**IN WITNESS WHEREOF**, the Parties have signed this MOU by and through their authorized officers as of the date set forth below. This MOU shall remain in effect unless and until terminated by either Party upon ten (10) days’ written notice to the other Party.

**FLORIDA STATE UNIVERSITY**

**TALLAHASSEE MEMORIAL  
HEALTHCARE, INC.**

Signed by:  
*Richard McCullough*  
By: B7C00007CB6745D

Richard McCullough  
President

Signed by:  
*Mark O'Bryant*  
By: 3F4C1D45455E4B6

Mark O’Bryant  
President & CEO

Date: 9/16/2025 | 9:45 AM EDT

Date: 9/16/2025 | 10:42 AM EDT