

MEMORANDUM

TO: MAYOR AND CITY COMMISSION

FROM: CITY ATTORNEY'S OFFICE

DATE: February 6, 2017

RE: Lakeland Regional Health Systems / Lakeland Regional Medical Center--Amendment to Lease and Transfer Agreement and Approval of Articles of Incorporation

Attached hereto for your consideration are the documents that comprise a contemplated business affiliation between Lakeland Regional Health Systems, Inc. (LRHS) and Orlando Health, Inc. (OH). This arrangement is similar to one previously authorized by the City Commission with USF Health, which never materialized. The existing Lease and Transfer Agreement requires that the City approve any amendments to the articles of incorporation for LRHS and Lakeland Regional Medical Center (LRMC). To authorize this affiliation, minor changes to our existing Lease and Transfer Agreement with LRMC are necessary in order to substitute Orlando Health for USF Health. This affiliation offers LRHS greater access to economies of scale that can lower costs and increase efficiencies which will benefit both LRHS and OH.

The executive team at LRHS has been exploring potential associations with other health care systems to determine whether some type of business relationship might be created that would allow LRHS to benefit from the economies of scale that come with larger organizations to make them more competitive in the market they serve. The leadership considered it important that they retain local control of LRHS, did nothing to impair its relationship with the City or its other existing affiliations with USF, Nemours, or Mayo, or adversely affect the Lease and Transfer Agreement. The proposed affiliation with Orlando Health preserves that local control and will likely make them stronger financially and more viable competitively. Nothing affects the Lease and Transfer Agreement, the LRMC assets, or who remains liable for the lease payments to the City. It will not commingle or transfer ownership of assets, or give either organization financial control over the other.

The changes to the respective corporate structures provide that LRHS is to designate two board members to serve on the OH board, and the OH Board will provide their CEO or his/her designee as an ex officio member to the LRHS board. OH will become the sole member of LRHS, subject to the managerial controls established in the membership agreement between the two organizations, and the Lease and Transfer Agreement. The agreements allow the entities to voluntarily unwind this affiliation at year 3, and year 7, if either of

the entities are not realizing the benefits they anticipate. Other extraordinary events can also trigger an unwinding of the affiliation.

In order to facilitate this transaction, amendments are required to the Lease and Transfer Agreement with LRMC, as is approval of changes to the articles of incorporation of LRHS and LRMC to allow the new member of the Board of LRHS to live outside the City utility service area and to recognize Orlando Health as the new member of LRHS. It is recommended that the appropriate City officials be authorized to execute the amendments to the attached documents and to provide the required approvals.

attachments

SEVENTH FOURTH AMENDMENT TO LEASE AND TRANSFER AGREEMENT BETWEEN THE CITY OF LAKELAND, FLORIDA AND LAKELAND REGIONAL MEDICAL CENTER, INC.

THIS **SEVENTH FOURTH** AMENDMENT TO THE LEASE AND TRANSFER AGREEMENT (the "**SeventhFourth** Amendment") is entered into effective October 1, 2017², by and between THE CITY OF LAKELAND, FLORIDA, (CITY) a Florida municipal corporation, and LAKELAND REGIONAL MEDICAL CENTER, INC., (LRMC) a Florida not for profit corporation.

WHEREAS, the City of Lakeland, Florida, a municipal corporation organized and in good standing under the laws of the State of Florida, acting by and through its City Commission, and Lakeland Regional Medical Center, Inc., a not-for-profit corporation organized, existing and in good standing under the laws of the State of Florida, acting by and through its Board of Directors, has previously entered into a Lease and Transfer Agreement dated as of October 1, 1986, recorded in Official Records Book 2460, Pages 1763-1883, Public Records of Polk County, Florida; and

WHEREAS, the CITY and LRMC entered into a First Amendment to Lease and Transfer Agreement dated May 9, 2002, and recorded in Official Records Book 5009, Page 610, Public Records of Polk County, Florida (The First Amendment) ; and

WHEREAS, the City and LRMC entered to a Second Amendment to Lease and Transfer Agreement dated October 1, 2011, and recorded in Official Records Book 8495, Pages 1568-1574, Public Records of Polk County, Florida; (the Second Amendment) and

WHEREAS, the City and LRMC entered into a Third Amendment to Lease and Transfer Agreement dated December 5, 2011 and recorded in Official Records Book 8539, Pages 435-437, Public Records of Polk County Florida; (the Third Amendment) and

WHEREAS, the City and LRMC entered into an unrecorded Fourth Amendment to Lease and Transfer Agreement dated November 5, 2012. (The Fourth Amendment); and

WHEREAS, the City and LRMC entered into a Fifth Amendment to Lease and Transfer Agreement dated October 27, 2014, and recorded in Official Records Book 9373, Pages 1401-1404, Public Records of Polk County, Florida (The Fifth Amendment); and

WHEREAS, the City and LRMC entered into a Sixth Amendment to Lease and Transfer Agreement dated August 6, 2015, to be effective September 30, 2015, and recorded in Official Records Book 9601, Pages 785-792 (The Sixth Amendment); and

WHEREAS, the Sixth Amendment, among other things, deleted the Fifth Amendment in its entirety; and

WHEREAS, the City and LRMC wish to amend the Lease and Transfer Agreement to clarify authority regarding the use and transfer of Operating Assets, and permit LRMC and LRHS to amend their Articles of Incorporation to allow flexibility for Board Member terms and residency requirements and to amend the LRHS Articles of Incorporation to allow Member substitution.

NOW THEREFORE, the City of Lakeland, Florida, acting through its City Commission, and Lakeland Regional Medical Center, Inc., acting through its Board of Directors, do hereby amend the Lease and Transfer Agreement as follows:

1. The above stipulations are true and correct and by this reference incorporated herein.

2. Any capitalized terms used herein shall have the same meaning as set forth in the Lease and Transfer Agreement, unless otherwise specifically modified herein.

3. SECTION 3.02 shall be amended as follows:

SECTION 3.02 Transfer of Operating Assets. Transferor, for and in consideration of the assumption by Transferee of the Assumed Liabilities pursuant to Section 3.03 hereof and the performance of Transferee of its other agreements hereunder including, without limitation, its agreement to provide indigent care pursuant to Section 4.17 hereof and to make the Additional Payments pursuant to Section 3.05(b), hereby assigns, transfers and conveys to Transferee all of Transferor's right, title and interest in and to the Operating Assets and Existing Operations. Transferee shall use the Operating Assets and Existing Operations in the operation of the Hospital and in furtherance of Transferee's purpose as set forth in its Articles of Incorporation, including but not limited to operational support for Orlando Health, Inc. ~~USF Health System, Inc.~~ At the expiration of the term hereof (a)Transferee shall assign, transfer and convey to Transferor all of the Operating Assets and Existing Operations received by Transferee hereunder plus all accumulations and additions thereto, and less all deletions and deductions

therefrom as may have occurred in the ordinary course of business of Transferee; and (b) Transferor or the Board shall assume in writing all the then current liabilities of Transferee to the extent said liabilities constitute Permitted Indebtedness and provided that the obligation of the Transferor is not a general obligation of Transferor but shall be payable from Hospital revenues; provided, however, that Transferee guarantees that it shall return to Transferor an amount of current assets (determined in accordance with then generally accepted accounting principles), which less the amount of liabilities assumed by Transferor pursuant to (b) above shall be at least equal to the amount of Operating Assets transferred to Transferee hereunder less the amount of current liabilities (determined in accordance with generally accepted accounting principles) assumed by Transferee hereunder.

4. SECTION 5:03 shall be amended as follows:

SECTION 5.03 Disposition of Property Without Notice. Transferee may, from time to time, at its costs and expense, without notice to and without obtaining the approval of Transferor and free of any obligation to make any replacement thereof, remove or dispose of:

- (a) Property for fair market value in the ordinary course of business of operating the Hospital;
- (b) Property that in the discretion of Transferee is obsolete or unusable for its intended purpose;
- (c) Property (i) for fair market value, and (ii) provided that during any consecutive twelve (12) calendar month period the Book Value thereof at the times of all such dispositions does not exceed 5% of the Book Value of the Property, Plant and Equipment of Transferee and (iii) such dispositions will not impair the structural soundness or usefulness of the Hospital nor adversely affect the Hospital operations or the purposes of this Agreement.

Such Property disposed of as aforesaid shall thereafter not constitute part of the Hospital. Transferee shall file a report with Transferor at least annually within sixty (60) days following the end of its fiscal year stating the type or character of Property removed or otherwise disposed of pursuant to this Section 5.03(c) and a fair market value and book value thereof at the time or times of such removal or other disposition.

Notwithstanding any of the above, the sum of the annual consolidated operating income of LRHS and its subsidiaries (excluding investment income and charitable contributions) plus depreciation of LRHS and its subsidiaries exceeding

1.5 times LRHS and its subsidiaries' annual depreciation may be allocated and transferred to Orlando Health, Inc.~~USF Health System, Inc.~~ to fund strategic initiatives of Orlando Health, Inc. and LRHS.~~USF Health System, Inc.~~

5. The City hereby consents to the Amended Articles of Incorporation attached hereto as Exhibit "A".

6. Except as set forth in this Seventh~~Fourth~~ Amendment to the Lease and Transfer Agreement, all other provisions of the Lease and Transfer Agreement, as previously amended by the First, Second, ~~and~~ Third, Fourth and Sixth Amendments to the Lease and Transfer Agreement, are restated herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Seventh~~Fourth~~ Amendment to the Lease and Transfer Agreement to be executed and delivered as of the first date written above.

**LAKELAND REGIONAL MEDICAL CENTER,
INC.,** a Florida corporation

By: _____

Its: _____

(CORPORATE SEAL)

Secretary to the Board

STATE OF _____
COUNTY OF _____

The foregoing instrument is hereby acknowledged before me this _____ day of _____, 2017~~2~~, by _____, the _____, of Lakeland Regional Medical Center, Inc. He/She is personally known to me or has produced _____ as identification.

(NOTARY SEAL)

NOTARY PUBLIC

My Commission Expires: _____

CITY OF LAKELAND, FLORIDA

ATTEST:

By: _____
Howard Wiggs ~~Gow B. Fields~~, Mayor

By: _____
Kelly S. Koos, City Clerk

Date: _____

(SEAL)

Approved as to form and correctness: _____
Timothy J. McCausland, City Attorney

Draft 1-31-17

NINTH TENTH AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
LAKELAND REGIONAL MEDICAL CENTER, INC.

The undersigned Chairman of the Board of Directors of Lakeland Regional Medical Center, Inc., hereby executes this Ninth Tenth Amended and Restated Articles of Incorporation of Lakeland Regional Medical Center, Inc., which was adopted by the unanimous vote of the Board of Directors of Lakeland Regional Medical Center, Inc. (the “Corporation”), and by the affirmative vote of the sole member, Lakeland Regional Health Systems, Inc., on ~~February 24, 2014~~ February 27, 2017 to become effective on October 1, 2017.

ARTICLE I

NAME

The name of the Corporation is Lakeland Regional Medical Center, Inc.

ARTICLE II

PURPOSES

The Corporation is organized as a not for profit corporation under chapter 617, Florida Statutes, on a non-stock basis, for the following charitable, educational and scientific purposes:

(a) To own, manage, control, operate, govern, joint venture, or lease hospitals, health care centers, medical practices, clinics, medical and health care facilities of any nature, and related support facilities;

(b) To establish, operate, and/or joint venture hospitals, extended care facilities, ambulatory surgery facilities, clinics, medical practices, teaching units, or other medical or health care facilities of any nature, and provide all manner of health care services for the purpose of furnishing medical, surgical, psychiatric, nursing, and all other manner of health care, for those suffering from illness, disease, injuries or disabilities and to operate an emergency room or rooms, extended or long term care facilities, ambulatory surgery facilities, rehabilitative facilities, health care clinics and all other manner of health care facilities; and to lend or advance money to or otherwise invest in hospitals, hospital systems, extended or long term care facilities, clinics, teaching units, medical facilities and health care services;

(c) To own, establish, or participate in provider networks, integrated health care systems, or similar affiliations, for the delivery of health care and associated activities;

(d) To carry on any education, Graduate Medical Education (“GME”), research, medical trials, or other activities relating to the rendering of care to the sick and injured or to the promotion of the general health and welfare;

(e) To participate in any activity designed and carried on to promote the general health and welfare;

(f) To promote and carry on scientific research and educational activities related to the care of the sick and injured;

(g) To solicit and receive funds, gifts, endowments, donations, devises and bequests;

(h) To lease or purchase land or lands, building or buildings, and purchase and construct buildings for purposes in connection with the activities of the Corporation, including, but not limited to, hospitals, physician offices, clinics, ambulatory surgical facilities, laboratories or related to any medical or health care activity;

(i) To exercise, without limitation, all the powers enumerated and permitted under the Florida Not For Profit Corporation Act, Chapter 617, Florida Statutes, as it now exists or is subsequently amended or superseded, and to do and perform such acts and to have such powers as shall be desirable and necessary in furtherance of any of the powers herein enumerated which are not in derogation of the laws of the State of Florida.

(j) To exercise any of the powers enumerated herein or in the Florida Not For Profit Act, Chapter 617, Florida Statutes, by the Corporation singly or by joint venture or partnership with any person or entity, whether or not said entity is for profit or not for profit, so long as the Corporation's participation in the joint venture or partnership is primarily in furtherance of the charitable, educational and scientific purposes for which the Corporation is organized.

(k) To form and own shares in affiliated or related corporations, whether said corporations are for profit or not for profit, so long as said formation and ownership is primarily in furtherance of the charitable, educational and scientific purposes for which the Corporation is organized;

(l) To own and operate, directly or indirectly, health maintenance organizations and prepaid health plans for the promotion of the general health and welfare of the citizens of the State of Florida and surrounding areas; and

(m) To conduct and provide such other programs, activities and services as are necessary, incident or pertaining to the foregoing purposes of the Corporation.

The Corporation is organized exclusively for charitable, educational and scientific purposes, as a not for profit corporation, within the meaning of Section 501(c)(3) of the Internal Revenue Code, and its activities shall be conducted for such purposes in such a manner that no part of its net earnings shall inure to the benefit of any member, director, officer or individual. In addition, the Corporation shall be authorized to exercise the powers permitted not for profit corporations under chapter 617, Florida Statutes, provided, however, that the Corporation while exercising any one or more powers shall do so in furtherance of the charitable, educational and scientific purposes for which it has been organized as described in Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (or corresponding provisions of any subsequent United States internal revenue law). All of the assets and earnings of the Corporation shall be used exclusively for the charitable,

educational and scientific purposes set forth herein, including the payment of expenses incidental thereto and all of the powers of the Corporation shall be exercised exclusively for such purposes. No part of its activities shall inure to the benefit of any individual and no substantial part of its activities shall be for the carrying on of a program of propaganda or for influencing legislation nor shall it participate in any political campaign on behalf of any candidate for public office. The Corporation shall not carry on any activities not permitted to be carried on by an organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (or corresponding provisions of any subsequent United States internal revenue law), or any organization to which contributions are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954, as amended (or corresponding provisions of any subsequent United States internal revenue law).

ARTICLE III

MEMBERSHIP

3.1 Sole Member. The Sole Member of the Corporation shall be Lakeland Regional Health Systems, Inc., a corporation not for profit under chapter 617 of the laws of the State of Florida ("LRHS"), whose principal offices are located at 1324 Lakeland Hills Boulevard, Post Office Box 95448, Lakeland, Florida 33804.

3.2 Transfer of Membership. Membership in the Corporation is not transferable or assignable.

ARTICLE IV

TERM

The term of this Corporation shall be perpetual, except as provided in Article XII hereof.

ARTICLE V

PERSON EXECUTING ARTICLES

The name and address of the person executing these ~~Ninth~~ **Tenth** Amended Articles of Incorporation is:

~~Jack R. Harrell, Jr.~~ **Jay Mulaney, M.D.**
Chairman
Board of Directors
Lakeland Regional Medical Center, Inc.
Lakeland Hills Boulevard
Post Office Box 95448
Lakeland, Florida 33804

ARTICLE VI

REGISTERED OFFICE AND AGENT

The registered office and street address of the Corporation is 1324 Lakeland Hills Boulevard, Lakeland, Florida 33804, and the registered agent at said address is Evan C. Jones.

ARTICLE VII

BOARD OF DIRECTORS

7.1 Establishment of Board. The property, affairs, business and operation of the Corporation shall be managed by a Board of Directors. The Board of Directors shall carry out the purposes of the Corporation in compliance with these Articles of Incorporation and the Bylaws of the Corporation. The number of directors may be either increased or diminished from time to time by the Bylaws, but shall never be less than eleven (11) nor more than thirteen (13).

7.2 Term. Directors shall serve for staggered terms as set forth in the Bylaws. Upon the expiration of the term of each member of the Board of Directors, LRHS shall select and appoint a successor Director. Each successor Director and all subsequent Directors shall serve for a term of three (3) years and until their respective successors are elected and qualified. Directors may serve for successive terms; provided however, that after the effective date of these ~~Ninth~~ **Tenth** Amended and Restated Articles of Incorporation, no person shall serve or have served for any consecutive period of more than a total of nine (9) years. However, notwithstanding any other provisions contained herein, the term of a member who is serving as ~~Chairman~~, or has served as ~~Chairman~~, may be extended to allow him or her to serve or complete their term of office as ~~Chairman~~ or to serve or complete a term of office as ~~Past Chairman~~. During any period of time when a ~~Chairman~~ or ~~Past~~

Chairman is serving an extended term pursuant to this section, the number of Directors may exceed the thirteen (13) member limit but in no event shall the number exceed fifteen (15).

7.3 Criteria for Directors. The Board of Directors shall at all times be comprised of members who are reflective of the cultural diversity of the Lakeland community as a whole and shall meet the following eligibility criteria:

- (a) All Board members shall be electors of Polk County, Florida;
- (b) All Board members shall reside within the City of Lakeland electric utility service area;
- (c) A majority of the Board members shall reside within the City Limits of the City of Lakeland.
- (d) No person who has been convicted of a felony or any crime involving moral turpitude shall be eligible to serve as a Director;
- (e) At least two (2) and no more than three (3) Directors shall be physicians on the medical staff of Lakeland Regional Medical Center;
- (f) Any other eligibility criteria as set forth in the Bylaws of the Corporation.

7.4 Vacancies. All vacancies (whether due to the expiration of the term of a Director, death, resignation, removal or otherwise) on the Board of Directors shall be filled by LRHS.

7.5 Ex Officio Members. The Bylaws of the Corporation may provide for the appointment of ex-officio members of the Board of Directors. Ex-officio members of the Board shall be honorary, non-voting members and shall not be counted as Directors for purposes of Article 7.1 hereof.

7.6 Compensation. Directors shall not be compensated for the performance of their duties as Directors, but shall be reimbursed for their expenses incurred in the performance of their duties as Directors in accordance with the Bylaws of the Corporation.

7.7 Removal Rights. LRHS shall have the right to remove, with or without cause, any Director and to replace any Director so removed.

7.8 Restrictions on Authority of the Board. The Board of Directors of the Corporation may not, without the prior approval of LRHS as the Sole Member of the Corporation:

- (a) Adopt a plan of dissolution of the Corporation;
- (b) Authorize the Corporation to engage in, or enter into, any transaction providing for the sale, mortgage or other disposition of all or substantially all of the assets of the Corporation;
- (c) Adopt a plan of merger or consolidation of the Corporation with another corporation;
- (d) Appoint or remove the independent auditors of the Corporation;

(e) Adopt any annual or long-term capital and operational budgets of the Corporation or approve any changes therein exceeding ten percent (10%) of any budgeted item; or

(f) Adopt, or permit any changes to, any long-term or master institutional plans of the Corporation.

ARTICLE VIII

OFFICERS

8.1 Officers of the Board. The Officers of the Board of Directors shall consist of a Chairman and a Vice Chairman. The Officers of the Board of Directors shall serve a one-year term of office and shall be elected at an annual meeting of the Board of Directors. The Board may re-elect the Chairman or Vice Chairman for one (1) additional term but in no event shall the Chairman or Vice Chairman serve longer than two (2) years in each respective office. The Chairman shall preside at all meetings of the Board of Directors. The Vice Chairman shall preside in the absence of the Chairman.

8.2 Officers of the Corporation. The Board of Directors may elect and appoint such officers and agents as the affairs of the Corporation shall require and said officers and agents shall have duties as are set forth in the Bylaws of the Corporation.

ARTICLE IX

ADOPTION AND AMENDMENT TO THE BYLAWS

The Board of Directors shall, subject to ratification by LRHS, adopt Bylaws for this Corporation and may, subject to ratification by LRHS, from time to time modify, alter, amend or rescind the same by an affirmative vote of two-thirds (2/3) of the total voting members of the Board of Directors present at any regular or special meeting, a majority of voting Directors being present, provided a copy of the proposed amendment shall have been submitted in writing to each Director at least seven (7) days before the meeting at which a vote upon such proposal is to be taken. If all of the voting members of the Board of Directors sign a written statement manifesting their intention that an amendment to the Bylaws be adopted, then, subject to ratification by LRHS, the amendment shall thereby be adopted without the necessity of the seven (7) day notice.

ARTICLE X

AMENDMENTS TO THE ARTICLES OF INCORPORATION

The Board of Directors may amend, alter or repeal any provision of these Articles of Incorporation, subject to ratification by LRHS. Such amendment may be proposed by any voting Director of the Board of Directors and, subject to ratification by LRHS, such proposal shall be adopted by affirmative vote of two-thirds (2/3) of the total voting members of the Board at a meeting upon which such amendment is to be considered, a majority of voting Directors being present, provided a copy of the proposed amendment

shall have been submitted in writing to each Director at least seven (7) days before the meeting at which a vote upon such proposal is to be taken. If all of the voting members of the Board of Directors sign a written statement manifesting their intention that an amendment to the Articles of Incorporation be adopted, then, subject to ratification by LRHS, the amendment shall thereby be adopted without the necessity of the seven (7) day notice. The City of Lakeland, Florida, a municipal corporation (the "City") shall have the right to approve any amendments to these Articles of Incorporation, which approval shall not be unreasonably withheld or delayed, and the City shall have the authority to compel the Corporation's compliance with this provision of this Article X.

ARTICLE XI

ANNUAL MEETING

There shall be an annual meeting of the Board of Directors for the purpose of election of Officers of the Board and for such other purposes as directed by the Board of Directors. The Board of Directors shall from time to time hold such other meetings as provided in the Bylaws.

ARTICLE XII

DISSOLUTION

Upon dissolution of this Corporation, all of its assets remaining after the payment of all costs and expenses of such dissolution shall be distributed to the City to be used exclusively for a public purpose, and none of the assets will be distributed upon such

dissolution to any Member, Officer or Director of this Corporation. Upon the termination of any ~~any~~ **the** Lease and Transfer Agreement between the City and LRMC, or termination of any renewal or extension of said Lease and Transfer Agreement, all of the assets of this Corporation shall be distributed to the City to be used exclusively for a public purpose and this Corporation shall be dissolved, and none of the assets will be distributed upon such termination to any Member, Officer or Director of this Corporation. The City shall have the authority to compel the Corporation's compliance with this Article **XII**.

ARTICLE XIII

CERTIFICATION

I, the undersigned ~~Chairman~~ of the Board of Directors of Lakeland Regional Medical Center, Inc., do execute these ~~Ninth~~ **Tenth** Amended and Restated Articles of Incorporation pursuant to the provisions of the Florida Not For Profit Act. I, the undersigned, do further make and file this certificate hereby declaring and certifying that the facts set forth herein are true and have accordingly signed these ~~Ninth~~ **Tenth** Amended and Restated Articles of Incorporation at Lakeland, Florida, this ~~24th day of February, 2014.~~ **27th day of February, 2017.**

~~Jack R. Harrell, Jr.~~ **Jay Mulaney, M.D.**
Chairman
Board of Directors
Lakeland Regional Medical Center, Inc.

STATE OF FLORIDA
COUNTY OF POLK

The foregoing ~~Ninth Tenth~~ Amended and Restated Articles of Incorporation was acknowledged before me this ~~24th day of February, 2014, by Jack R. Harrell, Jr.~~ **27th day of February, 2017, by Jay Mulaney, M.D.**, who is personally known to me and who did take an oath.

Notary Public

Having been named as Registered Agent to accept service of process for Lakeland Regional Medical Center, Inc., at the place designated in these Articles of Incorporation, I am familiar with and accept the appointment as Registered Agent and agree to act in this capacity.

Evan C. Jones

Date

Draft 1-31-17

~~NINTH~~ **TENTH** AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
LAKELAND REGIONAL HEALTH SYSTEMS, INC.

The undersigned Chairman of the Board of Directors of Lakeland Regional Health Systems, Inc., hereby executes this ~~Ninth~~ **Tenth** Amended and Restated Articles of Incorporation of Lakeland Regional Health Systems, Inc., which was adopted by unanimous vote of the Members and of the Board of Directors of Lakeland Regional Health Systems, Inc. (the "Corporation") on ~~February 24, 2014~~ **February 27, 2017**, to become effective on **October 1, 2017**.

ARTICLE I

NAME

The name of the Corporation is Lakeland Regional Health Systems, Inc.

ARTICLE II

PURPOSES

The Corporation is organized as a not for profit corporation under the Florida Not For Profit Act, Chapter 617, Florida Statutes, on a non-stock basis, for the following purposes:

(a) To support, promote, advance and strengthen, within the meaning of Section 509(a)(3) of the Internal Revenue Code of 1954, as amended (or corresponding

provisions of any subsequent United States Internal Revenue law) (the "Code"), Lakeland Regional Medical Center, Inc., a Florida not for profit corporation ("LRMC"), Lakeland Regional Medical Center Foundation, Inc., a Florida not for profit corporation, and, in the discretion of the Board of Directors of the Corporation, to support other not for profit health care providers organized for charitable and civic purposes; provided that each corporation is an organization described in Section 501(c)(3) of the Code and in Section 509(a)(1) or (2) of the Code; and, further provided that the Corporation shall be operated, supervised or controlled by or in connection with each additional supported corporation within the meaning of Section 509(a)(3) of the Code;

(b) To operate exclusively for charitable, educational and scientific purposes, and in furtherance of the charitable, educational and scientific purposes, causes and objects now or at any time hereafter fostered by LRMC, and such other not for profit and tax exempt health care providers as the Board of Directors of the Corporation elects to support.

(c) To own, manage, control, operate, govern, joint venture, or lease hospitals, health care centers, medical practices, clinics, medical and health care facilities of any nature, and related support facilities;

(d) To establish, operate, and/or joint venture hospitals, extended care facilities, ambulatory surgery facilities, clinics, medical practices, teaching units, or other medical or health care facilities of any nature, and provide all manner of health care services for the purpose of furnishing medical, surgical, psychiatric, nursing, and all other manner of

health care, for those suffering from illness, disease, injuries or disabilities and to operate an emergency room or rooms, extended or long term care facilities, ambulatory surgery facilities, health care clinics and all other manner of health care facilities; and to lend or advance money to or otherwise invest in hospitals, hospital systems, extended or long term care facilities, clinics, teaching units, medical facilities and health care services;

(e) To own, establish, or participate in provider networks, integrated health care systems, or similar affiliations, for the delivery of health care and associated activities;

(f) To carry on any education, Graduate Medical Education (“GME”), research, medical trials, or other activities relating to the rendering of care to the sick and injured or to the promotion of the general health and welfare;

(g) To participate in any activity designed and carried on to promote the general health and welfare;

(h) To promote and carry on scientific research and educational activities related to the care of the sick and injured.

(i) To solicit and receive funds, gifts, endowments, donations, devises and bequests.

(j) To lease or purchase land or lands, building or buildings, and purchase and construct buildings for purposes in connection with the activities of the Corporation, including, but not limited to, hospitals, physician offices, clinics, ambulatory surgical facilities, laboratories or any related medical or health care activity.

(k) To enter into affiliation arrangements with other health care entities or health care systems, including but not limited to Orlando Health, Inc., in order to create or become a part of an integrated health care system, and participate in, form, own and operate joint ventures, partnerships, corporations or other entities, whether or not any such entity is for profit or not for profit, so long as the Corporation's participation or affiliation therein is primarily in furtherance of the charitable, educational and scientific purposes for which the Corporation is organized.

The Corporation is organized exclusively for charitable purposes, as a not for profit corporation, within the meaning of Section 501(c)(3) of the Code, and its activities shall be conducted for such purposes in such a manner that no part of its net earnings shall inure to the benefit of any member, director, officer or individual. In addition, the Corporation shall be authorized to exercise all powers permitted not for profit corporations under the Florida Not For Profit Corporation Act, Chapter 617, Florida Statutes, provided, however, that the Corporation while exercising any one or more powers shall do so in furtherance of the charitable, educational and scientific purposes for which it has been organized as described in Section 501(c)(3) of the Code. All of the assets and earnings of the Corporation shall be used exclusively for the charitable, educational and scientific purposes herein set forth, including the payment of expenses incidental thereto and all of the powers of the Corporation shall be exercised exclusively for such purposes. No part of its activities shall inure to the benefit of any individual and no substantial part of its activities

shall be for the carrying on of a program of propaganda or for influencing legislation nor shall it participate in any political campaign on behalf of any candidate for public office. The Corporation shall not carry on any activities not permitted to be carried on by an organization exempt from federal income taxation under Section 501(c)(3) of the Code, or any organization to which contributions are deductible under Section 170(c)(2) of the Code.

ARTICLE III

MEMBERSHIP

~~The Members of the Corporation shall be those persons who, at any time of determination of the Members of the Corporation, are the members of the Board of Directors of the Corporation.~~ The sole member of the Corporation shall be Orlando Health, Inc., subject to the terms and conditions of the Membership Agreement between Orlando Health, Inc. and the Corporation (the "Membership Agreement"). Membership in the Corporation is not transferable or assignable without the approval of the Board of Directors of the Corporation and the City of Lakeland, Florida (the "City") and no provision of the Membership Agreement shall conflict with any provision of the Lease and Transfer Agreement between the City and Lakeland Regional Medical Center, Inc. (the "Lease and Transfer Agreement"). The Member of the Corporation shall have no voting rights as the Member of the Corporation except as set forth in the Membership Agreement. The Member shall not have a vested property or ownership right resulting from any provision in these Articles of Incorporation, including provisions relating to management, control, purpose or

duration of the Corporation. The Board of Directors shall at all times have the right, by an amendment of these Articles of Incorporation, and subject to the terms and conditions of the Membership Agreement, to replace Orlando Health, Inc. as the Member of the Corporation and designate the members of the Board of Directors as the Members of the Corporation. Upon termination of its membership status in the Corporation, Orlando Health, Inc. shall not be entitled, by virtue of its previous membership status, to any ownership interest in the assets of the Corporation.

ARTICLE IV

TERM

The term of the Corporation shall be perpetual, except as provided in Article XII hereof.

ARTICLE V

PERSON EXECUTING ARTICLES

The name and address of the person executing these ~~Ninth~~ **Tenth** Amended and Restated Articles of Incorporation is:

~~Jack R. Harrell, Jr.~~ **Jay Mulaney, M.D.**
Chairman
Board of Directors
Lakeland Regional Health Systems, Inc.
1324 Lakeland Hills Boulevard
Post Office Box 95448
Lakeland, Florida 33804

ARTICLE VI

REGISTERED OFFICE AND AGENT

The registered office and street address of the Corporation is 1324 Lakeland Hills Boulevard, Lakeland, Florida 33804, and the registered agent at said address is Evan C. Jones.

ARTICLE VII

BOARD OF DIRECTORS

7.1 Establishment of Board. The property, affairs, business and operation of the Corporation shall be managed by a Board of Directors. The Board of Directors shall carry out the purposes of the Corporation in compliance with these Articles of Incorporation, **the Membership Agreement, the Lease and Transfer Agreement**, and the Bylaws of the Corporation. The number of directors may be either increased or diminished from time to time by the Bylaws, but, except as specifically authorized herein, shall never be less than eleven (11) nor more than thirteen (13).

7.2 Term. Directors shall serve for staggered terms ~~as set forth in the Bylaws.~~ **U**and upon the expiration of the term of each member of the Board of Directors, the Board of Directors shall select and appoint a successor Director **as set forth in the Bylaws**. Each successor Director and all subsequent Directors shall serve for a term of three (3) years and until their respective successors are elected and qualified. Directors may serve

for successive terms; provided however, that after the effective date of these ~~Ninth~~ **Tenth** Amended and Restated Articles of Incorporation, no person shall serve or have served for any consecutive period of more than a total of nine (9) years. However, notwithstanding any other provisions contained herein, the term of a member who is serving as **Chairman**, or has served as **Chairman**, may be extended to allow him or her to serve or complete their term of office as **Chairman** or to serve or complete a term of office as **Past Chairman**. During any period of time when a **Chairman** or **Past Chairman** is serving an extended term pursuant to this section, the number of Directors may exceed the thirteen (13) member limit but in no event shall the number exceed fifteen (15). **Additionally, and notwithstanding any other provision contained herein, during any period of time that a Director of the Corporation is also serving as a Director on the Board of Directors of Orlando Health, Inc., said Director shall continue to serve on the Board of Directors of the Corporation even if his or her term of office as a Director of the Corporation exceeds nine (9) years and during said period shall not be counted as a Director for purposes of Article 7.1 hereof.**

7.3 Criteria for Directors. The Board of Directors shall at all times be comprised of members who are reflective of the cultural diversity of the Lakeland community as a whole and shall meet the following eligibility criteria:

- (a) All Directors shall be electors of Polk County, Florida, **except as to any Director who is serving as an ex-officio member of the Board of Directors pursuant to the Membership Agreement;**

(b) All Directors shall reside within the City of Lakeland electric utility service area, **except as to any Director who is serving as an ex-officio member of the Board of Directors pursuant to the Membership Agreement;**

(c) A majority of the Board members shall reside within the City Limits of the City of Lakeland.

(d) No person who has been convicted of a felony or any crime involving moral turpitude shall be eligible to serve as a Director;

(e) At least two (2) and no more than three (3) Directors shall be physicians on the Medical Staff of Lakeland Regional Medical Center;

(f) Any other eligibility criteria as set forth in the Bylaws of the Corporation.

7.4 Vacancies. All vacancies (whether due to the expiration of the term of a Director, resignation, death, removal, or otherwise) on the Board of Directors, shall be filled by the Board of Directors from nominations submitted by a Nominating Committee. The Nominating Committee shall be appointed by the Chairman of the Board of Directors and shall include three (3) then existing members of the Board of Directors and three (3) public representatives; provided that no person may serve as a public representative on the Nominating Committee who has served on the Board of Directors of the Corporation within two (2) years preceding his or her appointment to the Nominating Committee. The public representatives shall be community leaders as more particularly described in the Bylaws of the Corporation. It shall be the duty of the Nominating Committee to ensure that the Board

shall at all times be comprised of members who are reflective of the cultural diversity of the Lakeland community as a whole.

7.5 Ex Officio Members. The Bylaws of the Corporation may provide for the appointment of ex-officio members of the Board of Directors. Ex-officio members of the Board **so provided for in the Bylaws** shall be honorary non-voting members and shall not be counted as Directors for purposes of Article 7.1 hereof. **Notwithstanding the above, any ex-officio member of the Board of Directors provided for in the Membership Agreement shall be a voting member of the Board of Directors but shall not be counted as a Director for purposes of Article 7.1 hereof.**

7.6 Compensation. Directors shall not be compensated for their performance of their duties as Directors, but shall be reimbursed for their reasonable and necessary expenses incurred in the performance of their duties as Directors in accordance with the Bylaws of the Corporation.

ARTICLE VIII

OFFICERS

8.1 Officers of the Board. The Officers of the Board of Directors shall consist of a Chairman and a Vice Chairman. The Officers of the Board of Directors shall serve a one (1) year term of office and shall be elected at an annual meeting of the Board of Directors. The Board may re-elect the Chairman or Vice Chairman for one (1) additional term but in no event shall the Chairman or Vice Chairman serve longer than two (2) years in each

respective office. The Chairman shall preside at all meetings of the Board of Directors. The Vice Chairman shall preside in the absence of the Chairman.

8.2 Officers of the Corporation. The Board of Directors may elect or appoint such officers and agents as the affairs of the Corporation shall require and said officers and agents shall have such duties as are set forth in the Bylaws of the Corporation.

ARTICLE IX

ADOPTION AND AMENDMENT TO THE BYLAWS

The Board of Directors shall adopt Bylaws for this Corporation and may from time to time modify, alter, amend or rescind the same by an affirmative vote of two-thirds (2/3) of the total voting members of the Board of Directors present at any regular or special meeting, a majority of voting Directors being present, provided a copy of the proposed amendment shall have been submitted in writing to each Director at least seven (7) days before the meeting at which a vote upon such proposal is to be taken. If all of the voting members of the Board of Directors sign a written statement manifesting their intention that an amendment to the Bylaws be adopted, then the amendment shall thereby be adopted without the necessity of the seven (7) day notice.

ARTICLE X

AMENDMENTS TO THE ARTICLES OF INCORPORATION

The Board of Directors may amend, alter or repeal any provision of these Articles of Incorporation. Such amendment may be proposed by any voting Director of the

Board of Directors, and such proposal shall be adopted by affirmative vote of two-thirds (2/3) of the total voting members of the Board at a meeting upon which such amendment is to be considered, a majority of voting Directors being present, provided a copy of the proposed amendment shall have been submitted in writing to each Director at least seven (7) days before the meeting at which a vote upon such proposal is to be taken. ~~It shall not be necessary to submit any proposed amendment of the Articles of Incorporation to the Member for ratification.~~ If all of the voting members of the Board of Directors sign a written statement manifesting their intention that an amendment to the Articles of Incorporation be adopted, then the amendment shall thereby be adopted without the necessity of the seven (7) day notice. The City of Lakeland, Florida, a municipal corporation (the "City") **and the Member, Orlando Health, Inc.**, shall have the right to approve any amendments to these Articles of Incorporation, which approval shall not be unreasonably withheld or delayed, and the City **and the Member** shall have the authority to compel the Corporation's compliance with this provision of this Article X.

ARTICLE XI

ANNUAL MEETING

There shall be an annual meeting of the Board of Directors for the purpose of election of Officers of the Board and for such other purposes as directed by the Board of Directors. The Board of Directors shall from time to time hold such other meetings as provided in the Bylaws.

ARTICLE XII

DISSOLUTION

Upon dissolution of this Corporation, all of its assets remaining after the payment of all costs and expenses of such dissolution shall be distributed to LRMC; provided that LRMC is then an organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Code, and if not, then to the City to be used exclusively for a charitable purpose; and none of the assets will be distributed upon such dissolution to any Member, Officer or Director of the Corporation. Upon the termination of ~~any~~ **the** Lease and Transfer Agreement ~~between the City and LRMC~~, or termination of any renewal or extension of said Lease and Transfer Agreement, all of the assets of the Corporation shall be distributed to the City to be used exclusively for a public purpose and the Corporation shall be dissolved, and none of the assets shall be distributed upon such termination to any Member, Officer or Director of this Corporation. The City shall have the authority to compel the Corporation's compliance with this Article **XII**.

ARTICLE XIII

CERTIFICATION

I, the undersigned Chairman of the Board of Directors of Lakeland Regional Health Systems, Inc., do hereby execute these ~~Ninth~~ **Tenth** Amended and Restated Articles of Incorporation pursuant to the provisions of the Florida Not For Profit Act. I, the

undersigned, do further make and file this certificate hereby declaring and certifying that the facts set forth herein are true and have accordingly signed these ~~Ninth Tenth~~ Amended and Restated Articles of Incorporation at Lakeland, Florida, this ~~24th day of February, 2014~~ **27th day of February, 2017.**

~~Jack R. Harrell, Jr.~~ **Jay Mulaney, M.D.**
Chairman
Board of Directors
Lakeland Regional Health Systems, Inc.

STATE OF FLORIDA

COUNTY OF POLK

The foregoing ~~Ninth Tenth~~ Amended and Restated Articles of Incorporation was acknowledged before me this ~~24th day of February, 2014,~~ by ~~Jack R. Harrell, Jr. ,~~ **27th day of February, 2017. by Jay Mulaney, M.D.,** who is personally known to me and who did take an oath.

Notary Public _____

(SEAL)

Having been named as Registered Agent to accept service of process for Lakeland Regional Health Systems, Inc., at the place designated in these Articles of Incorporation, I am familiar with and accept the appointment as Registered Agent and agree to act in this capacity.

Evan C. Jones

Date