

AFFIRMATIVE

**LEE MEMORIAL HEALTH SYSTEM BOARD OF DIRECTORS**

**RESOLUTION:**

**Conversion Evaluation – Discernment Phase Determination**

The Board of Directors (“Board”) of Lee Memorial Health System (“Lee Health”), at a public meeting held on June 13, 2024, adopts the following resolution concerning the Board’s determination as to whether the interests of Lee County residents are best served by converting to a nonprofit entity:

WHEREAS, Lee Health is an independent special healthcare district operating in Lee County, Florida, pursuant to special act of the Florida Legislature, Chapter 2000-439, Laws of Florida, as amended (the “Special Act”);

WHEREAS, in 1916 Lee Health’s predecessor began operation of a community-focused, non-governmental nonprofit hospital in Lee County, Florida, including the establishment of Lee Memorial Hospital in downtown Fort Myers;

WHEREAS, in 1963 the Florida Legislature authorized the establishment of a public hospital district in Lee County by special act, Chapter 63-1552, Laws of Florida, and in 1968 Lee Health assumed operation of Lee Memorial Hospital;

WHEREAS, Lee Health has grown from a single hospital to a vibrant, full-service, multi-hospital health system operating in Lee County, Florida (the “Health System”);

WHEREAS, the health care industry has changed significantly since Lee Health assumed operation of Lee Memorial Hospital in 1968;

WHEREAS, even as the health care industry and the Lee County community evolve, the Board embraces its ongoing fiduciary duties of loyalty, care, and obedience to Lee Health and its mission as it endeavors to protect and strengthen the organization;

WHEREAS, pursuant to the passage of Chapter 2023-326, Laws of Florida (the “Amendment to the Special Act”), the Florida Legislature has recognized that continued operation of the Health System as a governmental entity may not be an effective or beneficial governmental function;

WHEREAS, the Amendment to the Special Act authorizes Lee Health to conduct an evaluation of the benefits to the residents of Lee County of converting Lee Health to a community-focused, non-governmental Florida nonprofit corporation (“Conversion”);

WHEREAS, on August 31, 2023, the Board authorized an evaluation of the benefits to the residents of Lee County of Conversion, consistent with the Amendment to the Special Act and its fiduciary duties to Lee Health and its mission;

WHEREAS, at the Board’s direction, Kaufman, Hall & Associates, LLC (“Kaufman Hall”), an independent entity with at least five years of experience conducting comparable evaluations of hospital organizations similar in size and function to the Health System, conducted an evaluation of Conversion according to applicable industry best practices;

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WHEREAS, Lee Health engaged several third-party legal counsels and advisory firms, and Lee Health management provided factual information, to assist the Board and Kaufman Hall in the evaluation of Conversion;

WHEREAS, on February 21, 2024, Kaufman Hall delivered its Conversion evaluation report (the "Report") to the Board, which states: "[t]o the extent the Lee Health Board and management believe the system can realize the value of prospective strategic opportunities and increase its competitive position at a level that surpasses the near-term net cost increase outlined herein, and more effectively delivery on its mission – to be a trusted partner, empowering healthier lives through care and compassion – we recommend that Lee Health continue with the conversion process";

WHEREAS, management has advised the Board that conversion will enable Lee Health to realize strategic opportunities and enhance its competitive position;

WHEREAS, the Amendment to the Special Act requires that the Board, no later than 120 days after receipt of the final Report, must determine, by majority vote, whether the interests of Lee County residents are best served by Conversion;

WHEREAS, if the Board determines that the interests of Lee County residents are best served by Conversion, Lee Health shall negotiate and draft a proposed agreement with the Lee County Board of County Commissioners before Conversion may occur;

WHEREAS, throughout the Conversion evaluation process, the Board has sought input and feedback from the community and other interested stakeholders, both internal and external to Lee Health, including through numerous team member town halls, community town halls in each of the five Board member districts, two public hearings, and ongoing updates to the media and on the Lee Health website, among others;

WHEREAS, the Board has conducted no fewer than ten publicly-noticed Board workshops, special meetings, and/or regular meetings at which the Board has sought feedback and received advice from legal counsel, both internal and external to Lee Health, third-party consultants, and Lee Health leadership regarding the potential Conversion;

WHEREAS, the Lee Health leadership team, comprising sixty senior leaders, has reviewed and made presentations to the Board regarding the potential impacts of Conversion, including a recommendation that Conversion is a strategic move towards securing the Health System's future, its safety-net mission, and maximizing its impact on the communities it serves;

WHEREAS, as detailed in their presentations to the Board, Lee Health's President/Chief Executive Officer and Chief Financial Officer have advised the Board that conversion is in the best financial interest of Lee Health and promotes the delivery of healthcare services to the residents of Lee County, including but not limited to, safety net services;

WHEREAS, through these and other actions, the Board has conducted a diligent review process consistent with its fiduciary duties of loyalty, care, and obedience to Lee Health and its mission;

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NOW, THEREFORE, BE IT RESOLVED THAT:

Based upon the Board's evaluation of the benefits to the residents of Lee County of Conversion, including the Board's review and consideration of the foregoing, the Board determines that the best interests of Lee County residents are best served by Conversion. The Board authorizes the President/Chief Executive Officer of Lee Health and his designees to take all reasonable steps to negotiate and draft a proposed agreement with Lee County in accordance with the requirements of the Amendment to the Special Act, which agreement shall be subject to final approval by the Board and the Lee County Board of County Commissioners no later than 120 days from the effective date of this Resolution, as provided for in the Amendment to the Special Act.

THIS RESOLUTION has been adopted by the Board effective June 13, 2024.

A handwritten signature in blue ink, appearing to read "Donna Clarke", written over a horizontal line.

Board Chair