

LOCAL

Breaking down the MOU: How TMH, FSU plan to share power while maintaining local control



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Key Points AI-assisted summary ⓘ

Florida State University and Tallahassee Memorial HealthCare have reached a tentative agreement for FSU to take ownership of the hospital's property.

Under the proposed deal, TMH would continue to operate the hospital while transitioning to the FSU Health brand over time.

The non-binding agreement requires final approval from the Tallahassee city commission, which currently owns the hospital land and assets.

If approved, FSU would gain increasing influence over the hospital's 17-person board of directors over a two-year period.

A tentative agreement is on the table.

After months of [tense negotiations](#) and [misunderstandings](#), a memorandum of understanding has been forged by Tallahassee Memorial HealthCare and Florida State University

Last week, the two parties announced a compromise to "[strengthen TMH's capabilities](#), expand its reach and establish a first-class academic medical center in Tallahassee."

In a letter to city commissioners, both FSU President Richard McCullough and TMH CEO Mark O'Bryant said they're committed to "advancing care in the capital

city and county together" and "will coordinate and cooperate with respect to obtaining approvals required to transfer the land to FSU."

Now it's up to the city to decide if it wants to pass on its ownership stake in the hospital property and its assets to FSU.

"Our partnership ensures that the decision-making for Tallahassee's hospital will remain with the community," the joint letter says. "TMH and FSU each have deep roots in the City of Tallahassee, and this new affiliation only strengthens the commitment to the City of Tallahassee."

Here are seven takeaways from the MOU that the hospital and university unanimously supported:

TMH will continue to be sole operator of the hospital and use 'best efforts' to be 'in-network'

FSU and TMH may be joining forces, but the hospital's nonprofit is still in charge of all operational and financial responsibilities.

The agreement explicitly states TMH is to "retain control" but is subject to "coordination and cooperation" with FSU. The hospital will remain an independent entity, with its financial statements also remaining separate from the university.

All the costs associated with "purchasing, securing and maintaining" assets, as well as repair and maintenance costs will fall on the shoulders of TMH. Finances will only cross when it comes to shared employees that are working for both parties, the MOU says.

Since the beginning of TMH's and FSU's negotiations, [hospital supporters have been outspoken](#) about maintaining local control of the hospital to ensure that local healthcare needs are met. Both entities have emphasized the MOU achieves that and even carves out an insurance provision with patients in mind.

The MOU says that TMH is to use its "best efforts" to "participate as an in-network provider with all major managed care plans" as well as Medicare, Medicaid and the State of Florida's workers' compensation program. It includes the caveat that participation and contracts will be determined based on "access, mission, financial sustainability" and the joint goals of FSU and TMH.

Agreement gives city final word to city leaders – on almost all points

The MOU emphasizes it is "a non-binding agreement," meaning the city commission has the opportunity to amend the agreement and ultimately choose whether FSU will be the hospital's new owner.

"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," it says.

Both O'Bryant and McCullough acknowledged to commissioners that "additional definitive agreements must be finalized in the coming months."

The city currently owns the land and all the assets of TMH as per the \$1-a-year lease deal that was born from the days decades ago when the city owned and operated the hospital.

While transferring the land, assets and lease deal to FSU requires approval, if the city moves forward with the proposal, the terms of the agreement will stand for 40 years. If FSU ever decided to divest in the hospital, TMH would have the right of first refusal to acquire the hospital campus assets at an amount equal to the price paid by FSU for such assets, including any payment in lieu of taxes. TMH would also be on the hook for "an amount equal to the cost of any improvements made by FSU to the Hospital Campus."

It's currently unclear if the commissioner will attempt to handover the lease and assets to the university or put a price on the hospital and pursue some kind of sale.

A special meeting is scheduled for Oct. 1 at 9 a.m. to present TMH's and FSU's agreement to the board. A second public hearing is also scheduled for Oct. 22 at 6 p.m. Efforts to put the hospital ownership on the ballot before voters in 2026 were [beaten back in a 3-2 vote](#).

The TMH board would see an infusion of Garnet and Gold

The hospital will keep its 17-person board; however, FSU representation would be infused into the board over time.

The two parties agreed on a 9-8 split, with TMH having one extra board member. The MOU details the appointment process, saying FSU will recommend seven of the appointees with at least four who are currently serving on the board. After two years, that number increases to eight.

At least 75% of non-FSU and Recommended Board Members "must be residents of Leon County or a county contiguous to Leon County," the MOU says.

After the first two years of the agreement, FSU gets more say in board members. For example:

"At least seven directors of the TMH Board shall be physicians. In the first year, at least two of those physician Directors must be FSU Recommended Directors. After the first year, at least three of those physician directors must be FSU-Recommended Directors."

In those first two years, the MOU also guarantees that no FSU Recommended Board Member will be an FSU Trustee.

The MOU also specifies that Dr. James Killius, who is on the medical staff at TMH and a physician at Radiology Associates, will become board chair in the year after the partnership is solidified. Claude Walker, a prolific TMH fundraiser and CEO of the Summit Group, would take the helm in the the second year of the merger.

Agreement would get TMH, FSU partnership in Panama City moving

Critics of the agreement, the loudest among them being City Commissioner Jeremy Matlow, who is running for mayor in 2026, have condemned the agreement as a "coerced deal."

Those close to the negotiations have confirmed the vote for the MOU was unanimous, but said TMH board members had plenty of reservations. They ultimately agreed, however, that the new partnership was worthy of commission and community discussion.

The MOU between FSU and TMH isn't the first as the two have already forged partnerships to create [a FSU Health center on TMH's campus](#) in Tallahassee and a new acute care hospital under the FSU Health name in Panama City Beach.

TMH has already invested between \$30 million and \$50 million in the TMH and FSU hospital partnership in Panama City Beach, City Manager Reese Goad has said. Under a yet-to-be finalized agreement between the two entities, FSU would repay TMH for the hospital construction costs and it would be operated by TMH. That reportedly put pressure on hospital negotiators to close a deal as FSU was reluctant to move forward without a full deal.

The MOU states that with the transfer of assets "the Parties will continue with moving the process forward with the Panama City project."

"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."

FSU Health brand wins out - but don't expect TMH to disappear too quickly

Although TMH remains in control of the hospital and running the day-to-day operations, the deal requires TMH to transition to FSU Health branding.

The branding agreement permits TMH to use "trademarks, logos, color schemes and trade dress" for the operations of the hospitals in Leon County, Bay County and Walton County and "other operations of TMH that are part of the affiliation in Leon County," the MOU says.

"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."

While FSU would maintain brand oversight, don't expect the TMH brand to disappear outright.

"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," the MOU states.

MOU positions new hospital entity to reap state dollars

One of the high points for those who back FSU taking control of TMH's assets is that it positions the hospital and community for more public investment.

The MOU breaks down ways to make that happen with FSU serving as "the prime applicant and awardee on all applications for federal and state research grants."

"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," the MOU states. "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."

Agreement prioritizes relationships with FAMU, TSC

Discussions between FSU and TMH [have drawn questions](#) about how other local higher education entities will be included in the broader conversation of healthcare

in the capital city and county.

The MOU ensures TMH will use "good faith" efforts to recruit students and alumni from not only FSU but Florida A&M University and Tallahassee State College.

"It is the intent of the parties to work to expand the hospital's relationship with FAMU and TSC," the MOU says.

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