

MEMORANDUM

TO: MAYOR AND CITY COMMISSION

FROM: CITY ATTORNEY'S OFFICE

DATE: August 5, 2019

RE: **Eighth Amendment to the Lease and Transfer Agreement with Lakeland Regional Medical Center, Inc.**

Attached hereto for your consideration is a proposed Eighth Amendment to the Lease and Transfer Agreement (Eighth Amendment) with Lakeland Regional Medical Center, Inc. (LRMC). The purpose of this Eighth Amendment is to suspend any increases in rent payments to the City for 5 years.

In 1986, the City and LRMC entered into a long term agreement wherein the City leased all hospital property and equipment, and transferred all operating responsibility to LRMC (The Lease and Transfer Agreement). Since that time, the Lease and Transfer Agreement has been amended several times to include additional land, to extend the term, modify payment terms, and other minor provisions.

In 2016, the Lease and Transfer Agreement was amended to modify the rent obligation to be an annual negotiated amount, subject to a 2.75% annual escalator which for fiscal year 2019 will be \$14,378,614.00. Because of several factors involving the uncertain regulatory and competitive environment in which LRMC operates, the respective staffs of the organizations are recommending that the escalation provision be suspended for the next 5 years to resume thereafter.

It is recommended that the appropriate City officials be authorized to execute this Eighth Amendment.

attachment

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

THIS EIGHTH AMENDMENT TO THE LEASE AND TRANSFER AGREEMENT (the “Eighth Amendment”) is entered into effective _____, ____ 2019, 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 and **LAKELAND REGIONAL HEALTH SYSTEMS, INC.** (LRHS), 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 entered into a Seventh Amendment to Lease and Transfer Agreement with an effective date of October 1, 2017, and which was recorded in Official Records Book 10272, Pages 58-90, Public Records of Polk County, Florida (The Seventh Amendment); and

WHEREAS, the City and LRMC wish to amend the Lease and Transfer Agreement to delete the Seventh Amendment in its entirety and provide for a five (5) year cap to the Additional Payments to the City under Section 3.05(b) of the Lease and Transfer Agreement; and

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 are 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. Delete the Seventh Amendment to the Lease and Transfer Agreement in its entirety.
4. For the Fiscal Year 2019-2020 and for the subsequent four (4) Fiscal Years, the annual Additional Payments set forth in Section 3.05(b)(iii) shall be a fixed sum of \$14,378,614.00 and for said years there shall be no annual escalation. For Fiscal Year 2024-2025 and beyond, future annual Additional Payments will be subject to a 2.75% annual escalator applied to the base amount of \$14,378,614.00.
5. Except as set forth in this Eighth Amendment to the Lease and Transfer Agreement, all other provisions of the Lease and Transfer Agreement, as

previously amended by the First, Second, Third, Fourth, and Sixth Amendments to the Lease and Transfer Agreement, are restated herein.

IN WITNESS WHEREOF, the Parties hereto have caused this Eighth 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: Laura Hawley.
Its: Chair of the Board of Directors

(CORPORATE SEAL)

Jon Hoppe
Secretary to the Board

STATE OF FLORIDA
COUNTY OF POLK

The foregoing instrument is hereby acknowledged before me this _____ day of _____ 2019, by Laura Hawley the Chair of the Board of Directors of Lakeland Regional Medical Center, Inc. She is personally known to me and did take an oath.

(NOTARY SEAL)

NOTARY PUBLIC
My Commission Expires: _____

LAKELAND REGIONAL HEALTH SYSTEMS, INC., a Florida corporation

By: Laura Hawley
Its: Chair of the Board of Directors

(CORPORATE SEAL)

Jon Hoppe
Secretary to the Board

STATE OF FLORIDA
COUNTY OF POLK

The foregoing instrument is hereby acknowledged before me this _____ day of _____, 2019, by Laura Hawley the Chair of the Board of Directors of Lakeland Regional Health Systems, Inc. He is personally known to me and did take an oath.

(NOTARY SEAL)

NOTARY PUBLIC

My Commission Expires: _____

CITY OF LAKELAND, FLORIDA

ATTEST:

By: _____
Bill Mutz , Mayor

By: _____
Kelly S. Koos, City Clerk

Date: _____

(SEAL)

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