

MEMORANDUM OF UNDERSTANDING

BETWEEN

St. John's Rehabilitation Hospital

AND:

Sunnybrook Health Sciences Centre

1. Purpose of this Memorandum of Understanding

Whereas St. John's Rehabilitation Hospital (SJRH) and Sunnybrook Health Sciences Centre (SHSC) are each corporations, incorporated under the laws of the Province of Ontario and are operators of public hospitals within the meaning of the Public Hospitals Act.

Whereas the **Mission** of SJRH is to rebuild the lives of adults recovering from life-changing illness or injury by involving them in individualized rehabilitation programs focused on the whole person.

As an academic organization, SJRH contributes to the advancement of rehabilitation science through research and the professional development of our staff and future rehabilitation care providers.

Whereas the **Mission** of SHSC is to care for its patients and their families when it matters most. In partnership with the University of Toronto, Sunnybrook leads by discovery, innovation, teaching & learning.

Whereas the **Vision** of SJRH is to be at the forefront of specialized rehabilitation care.

Whereas the aspirational goal of SJRH is to be recognized as one of the top 10 Rehabilitation providers in North America.

Whereas the **Vision** of SHSC is to invent the future of healthcare.

Whereas the **Values** of SJRH are together with its founders, the Sisters of St. John the Divine, SJRH is committed to providing care in a multi-faith, multi-cultural environment. SJRH values a community of support built on trust, mutual respect, integrity, teamwork and partnerships; Compassionate care, centred on empathy and responsiveness; Personal and corporate accountability for all its actions; A spirit of learning that contributes new knowledge and skills to continuously improve practice and service; and Communication that is interactive, informative, open, honest and respectful.

Whereas the **Values** of SHSC are Excellence: SHSC will exceed the expectations of our patients and their families by anticipating their needs, improving access to care, and ensuring the quality and safety of care; Collaboration: SHSC values partnering with others to achieve our mission and vision; Accountability: My decisions impact the lives of others. *‘I will assume responsibility for the commitments I make to our colleagues, patients, health care partners and communities. I am the face of Sunnybrook and my actions will improve the hospital.’*; Respect: There is strength in our differences. By embracing how we are each unique and how every person’s perspective is of value, Sunnybrook can be a leader in health care. Engagement: We are all active members of the Sunnybrook team and therefore integral to the hospital’s success. By engaging others and being invested in our work, we all contribute to achieving our mission and vision.

Whereas SJRH and SHSC have determined that it is in their mutual interest and in furtherance of their respective missions, visions and values to integrate their activities and operations under a single corporation (the “Integration”).

SJRH and SHSC are entering into this Memorandum of Understanding to set out their mutual understanding with respect to the proposed Integration.

2. Non-Binding Nature of this Memorandum of Understanding

- (a) This Memorandum of Understanding is not binding on the parties except as expressly provided in this section.
- (b) The following four paragraphs are binding on the parties:
 - (i) Confidentiality – Any information that may be shared between the parties in furtherance of their proposed Integration discussions with respect to the proposed Integration is to be treated as confidential.
 - (ii) Joint Approaches – The parties agree that neither party will make an independent approach to, or have any discussions with, any third-party (other than their respective advisors, and the Sisterhood of St. John the Divine, in the case of SJRH) or regulatory authority, including the Ministry of Health and Long Term Care, the Toronto Central Local Health Integration Network and the Central Local Health Integration Network). All such approaches will be jointly made unless expressly agreed by the parties.
 - (iii) Costs – Each party will pay their respective costs of the proposed Integration except that the parties may agree that certain costs may be jointly shared.
 - (iv) Termination – Either party may give notice to the other at any time that they wish to terminate discussions with respect to the proposed Integration

upon which event this MOU shall terminate except with respect to the provisions for Confidentiality and Costs as set out above.

3. Integration Transaction

- (a) It is the parties intention to effect the proposed Integration in a manner that results in all of the assets, undertakings and obligations of each entity being combined in a single corporation (the “Integration Transaction”) either through an asset transfer or a statutory amalgamation.
- (b) In the event that the proposed Integration is effected through an asset transfer, SJRH will transfer all of its right, title and interest in and to its assets to SHSC and SHSC will assume all of the liabilities of SJRH. There will be no purchase price and minimal representations and warranties.
- (c) In the event that the Integration is effected through a statutory amalgamation, the successor entity will be called Sunnybrook Health Sciences Centre and it shall have a governance structure and board composition that is substantially the same as SHSC, subject to paragraph 8 of this Memorandum of Understanding. References in this Memorandum of Understanding to SHSC include the corporation resulting from a statutory amalgamation.

4. Due Diligence

- (a) Each party will make sufficient disclosure of their activities and operations to the other as will permit each party to determine that the Integration Transaction will be beneficial. For greater certainty, both parties must be satisfied with the results of the due diligence in order for the Integration Transaction to proceed.
- (b) The parties will mutually agree on:
 - (i) The scope of the due diligence review;
 - (ii) The key team members to be involved; and
 - (iii) The timing of each report.
- (c) It is anticipated that due diligence will involve disclosure of, without limitation, the following:
 - (i) Assets and Liabilities – including real property
 - (ii) Contractual obligations – including those where a consent may be required to complete the Integration Transaction
 - (iii) Employment Obligations

- (iv) Financial Disclosure including sources of funding and contingent liabilities
 - (v) Litigation
- (d) The parties will mutually agree on a materiality threshold for the purposes of due diligence disclosure. The parties have identified the following objectives of the due diligence review in order to establish an appropriate scope and materiality threshold:
- (i) Ensure the transaction is prudent and will meet the objectives of each respective party
 - (ii) Identify required consents
 - (iii) Minimize risks
 - (iv) Provide information to management on a going-forward basis in order to facilitate an effective and efficient integration of operations

5. Employees

A human resource integration plan will be developed, and will respect the terms of all employment contracts and union contracts in accordance with all legislated obligations.

6. Professional Staff

The Integration Transaction will be done in a manner that creates no adverse impact on appointments and privileges. A Professional Staff integration plan will be developed that provides for continuation of the Professional Staff appointments and privileges. In the event that the Integration Transaction is effected through an asset transfer, Professional Staff of SJRH will be appointed to the appropriate corresponding professional staff categories of SHSC or site specific categories will be created for the SJRH location.

7. Stakeholder Relations

The parties have identified that there are a number of key stakeholders whose support for the Integration Transaction will be important. The parties will work collaboratively to identify such stakeholders and to develop an appropriate approach to obtain stakeholder support.

8. Governance

Upon completion of the Integration Transaction, the Board of SHSC will include two (2) elected directors from the current Board of SJRH, such directors to be treated as an initial appointment

to the SHSC Board and therefore to be entitled to re-appointment in accordance with the by-laws and board policies of SHSC. SJRH and SHSC will mutually agree on a process to identify nominees to the SHSC Board, such nominees to be subject to the approval of the SHSC Board. Upon completion of the Integration Transaction, the Board of SHSC will also include an ex-officio appointee of the Sisterhood of St. John the Divine. SJRH and SHSC will mutually agree on a process to identify this nominee from the Sisterhood to the SHSC Board, with this nominee also being subject to the approval of the SHSC Board. Such ex-officio position will be maintained in the by-law of the merged organization so long as the Sisters wish it maintained.

9. Research

SHSC will support the development of rehabilitation related research, including but not limited to, existing strengths at SHSC and SJRH in burn (including electrical injuries), stroke, cardiac, musculoskeletal and traumatic injury rehabilitation. On an annual basis, the Director Rehabilitation Research will develop a research plan in consultation with and approved by the SHSC's Vice-President of Research.

10. Education

SHSC will support the ongoing development of professional-specific and inter-professional education in rehabilitation.

11. Role of the Sisters of St. John the Divine

The Sisters of St. John the Divine will maintain their existing role in the care team for those rehabilitation patients cared for at the current site of SJRH. They will also continue to provide spiritual care for the staff, patients and visitors, including chapel services.

12. Foundations

The Foundations of SJRH and SHSC may or may not merge at some future time, but there is no intention to require merging the Foundations prior to the completion of Integration in accordance with 3(a) and (b).

13. Re-investment of Efficiency Savings

It is the intention of SJRH and SHSC that any savings generated from efficiencies created as a result of the Integration Transaction will be used to directly advance patient care consistent with the missions of the SJRH and SHSC. It is anticipated that efficiencies created as a result of the Integration Transaction will be fully realized within 18 months ("Savings"), and any Savings will be reinvested in the following order:

- (a) towards addressing balanced budget requirements and maintaining patient care services at the SJRH site;
- (b) towards investing in best rehabilitation practice as recommended by the Provincial CCC/Rehab Expert Panel, and the Toronto Central LHIN Clinical Efficiency/Clinical Utilization Task Force;

- (c) towards addressing balanced budget requirements and maintaining patient care services at the SHSC Bayview and Holland Centre sites;
- (d) towards enhancing other patient care services, research, teaching and facilities at the newly formed corporation.

14. Rehabilitation Focus

SHSC will commit to continuing to run a health care facility at the SJRH site, with a primary focus on rehabilitation and other forms of post acute care, for a minimum time to be determined.

15. Referring Hospitals

SHSC will commit to those primary hospitals that refer patients to SJRH that it will maintain the same access to inpatient and outpatient resources as is currently in place for each such hospital. Such hospitals include, but are not limited to:

St. Michael's Hospital
University Health Network
North York General Hospital
Humber River Regional Hospital
Markham Stouffville Hospital
Sunnybrook Health Sciences Centre

16. St. John's Rehab Hospital Name

SHSC will commit to continuing to use the "St. John's Rehab" name relating to activities that occur at the current site of St. John's Rehab Hospital.

17. Dissolution By-Law

The current by-law of SJRH provides as follows: Part XVII Distribution of Assets Upon Dissolution, General By-Law, 17.1: "*Upon the dissolution of the Corporation and after payment of all of the debts and liabilities, its remaining assets shall be distributed or disposed of to the Sisterhood, or any successor corporation thereof that has objects that are charitable or beneficial to the community. In the event that the Sisterhood is not in existence at the time of the dissolution of the Corporation and there is no successor to the Sisterhood that has objects that are charitable or beneficial to the community, then its remaining assets will be distributed to or disposed of to charitable organizations that carry on their work solely in Ontario for the purposes of public hospitals in Ontario.*".

The spirit and intent of Part XVII of the SJRH by-law will be provided for in the successor corporation in a manner acceptable to the Sisterhood of St. John the Divine and SHSC.

18. Timing and Key Dates

The parties will work diligently to a proposed completion of the Integration Transaction on or before March 31, 2012, subject to receipt of all necessary approvals.

19. Resolution of the Board of SHSC

The commitments of SHSC, including, but not limited to those in paragraphs 8, 9, 10, 11, 13, 14, 15, 16 and 17 shall be evidenced by a resolution of the Board of SHSC.

20. Third-Party Approval

The Integration Transaction is a voluntary integration under the Local Health System Integration Act and accordingly will require notification to the Toronto Central LHIN and the Central LHIN.

In addition, the following approvals will be required:

- ▶ Approval of the Minister of Health and Long Term Care pursuant to Section 4 of the Public Hospitals Act
- ▶ Approval of the Boards of Directors of SJRH and SHSC
- ▶ Approval of the Members of SJRH and SHSC
- ▶ Third party consents or approvals as may be required under any contracts or agreements to be assigned.

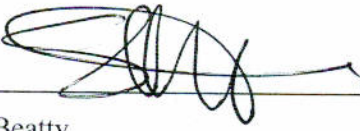
Each of SJRH and SHSC confirm that the foregoing statements accurately set out the understanding upon which they propose to enter into discussions with each other with a view to affecting the Integration Transaction. Except for the matters set out in paragraph 2, this MOU does not create any legally binding obligations between the parties. Any legally binding obligations will be subject to and conditional upon:

- ▶ Approval of the Board of each of SJRH and SHSC
- ▶ Approval of the Members of each of SJRH and SHSC
- ▶ Approval of the Minister of Health and Long Term Care pursuant to Section 4 of the *Public Hospitals Act*.
- ▶ Compliance with the requirements for Voluntary Integration under the Local Health System Integration Act, 2006
- ▶ Execution of a definitive Agreement

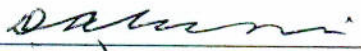
DATED at Toronto this day of , 2011.

ST. JOHN'S REHABILITATION HOSPITAL

SUNNYBROOK HEALTH SCIENCES CENTRE

By: 

Stephen Beatty
Board Chair

By: 

David A. Leslie
Board Chair