

**MEMORANDUM OF UNDERSTANDING  
("MOU")**

**BETWEEN:**

**The Michener Institute for Applied Health Sciences**

– and –

**University Health Network**

**1. Purpose of this MOU**

- (a) The Michener Institute for Applied Health Sciences ("**Michener**") is a non-share, charitable corporation incorporated under the *Corporations Act* (Ontario) and funded through the Ontario Ministry of Health and Long-Term Care ("**MOHLTC**").
- (b) University Health Network ("**UHN**") is a non-share, charitable corporation incorporated under the *University Health Network Act, 1997* (Ontario), operating a public hospital within the meaning of the *Public Hospitals Act* (Ontario) and funded by the Toronto Central Local Health Integration Network ("**TCLHIN**").
- (c) Michener and UHN have determined that it is in their mutual interest and in furtherance of their respective missions to integrate their activities and operations under a single corporation by way of merger (the "**Merger**").
- (d) The Merger will create the new Michener Institute of Education at UHN (the "**Institute**"), an integrated institution that will leverage the strength of both Michener and UHN as two outstanding health education leaders.
- (e) The Merger outcomes will be premised on safeguarding the unique purposes and capabilities of the two founding organizations. The integration will reflect a shared understanding that effective educational solutions and experiences can be best achieved through the integration of the respective organizations' teaching, research, and clinical environments. This integration will ensure education is fundamental to the transformation of the Ontario health system and the basis for achieving high quality care, patient safety and effective use of system resources.
- (f) The parties agree that the Merger will benefit students, who will receive the same or better level of education post-Merger in the same or better teaching environment.
- (g) Michener and UHN are entering into this MOU to set out their mutual understanding with respect to the proposed Merger.

- (h) In addition to the terms set out in the body of this MOU, the parties have included additional details of their understanding of the Merger in Schedule A.

## 2. Non-Binding Nature of this MOU

- (a) This MOU is not binding on the parties except as expressly provided in this section.
- (b) The following five paragraphs are binding on the parties:
  - (i) Confidentiality – Any information that may be shared between the parties in furtherance of the proposed Merger 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) or regulatory authority, including the MOHLTC and the TCLHIN. All such approaches will be jointly made unless expressly agreed by the parties.
  - (iii) Costs – Each party will pay their respective costs of negotiating the proposed Merger and preparing and executing all necessary documentation to effect the Merger.
  - (iv) Exclusivity – From the date of signing this MOU until the earlier of the termination of this MOU or December 31, 2015,:
    - (1) Michener shall not have merger discussions with any other entity; and
    - (2) UHN shall not have merger discussions with any other entity that relate exclusively to post-secondary education programs.
  - (v) Termination – Either party may give notice to the other at any time that it wishes to terminate discussions with respect to the proposed Merger, upon which event this MOU shall terminate except with respect to the provisions governing Confidentiality and Costs set out above.

## 3. Manner of Merger Transaction

It is the parties' intention that the Merger will result in one entity owning and operating the current assets and undertaking of UHN and Michener. The proposed Merger will be implemented through an amendment to the *University Health Network Act, 1997* (Ontario) to statutorily amalgamate UHN and Michener as a single corporation under the name University Health Network, or through such other mechanism as the parties may agree upon.

#### 4. Regulatory Compliance

It is a condition of the Merger that UHN be satisfied that it has the legal authorization to operate the education programs currently operated by Michener, including authorizations and/or exemptions under applicable law.

#### 5. 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 Merger will be beneficial to each respective party. For greater certainty, both parties must be satisfied with the results of the due diligence in order for the Merger to proceed. The parties expect that due diligence will be completed prior to the introduction of the bill.
- (b) The parties will mutually agree on:
  - (i) the scope of the due diligence review;
  - (ii) the key team members to be involved;
  - (iii) the form of due diligence report to be delivered; and
  - (iv) the timing of the 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 proceed with the Merger;
  - (iii) employment obligations;
  - (iv) financial disclosure including sources of funding and contingent liabilities; and
  - (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 party;

- (ii) identify required consents;
  - (iii) minimize risks; and
  - (iv) provide information to management on a going-forward basis in order to facilitate an effective and efficient integration of operations.
- (e) The parties will establish a joint Michener-UHN working group of executives and advisors, who will undertake necessary due diligence and who will undertake further detailed planning of the Merger.

## **6. Branding**

- (a) The merged corporation will operate under the legal name “University Health Network”, and University Health Network shall own and operate “The Michener Institute of Education at UHN”, which branding reflects the intended expanded breadth and scope of the educational enterprise.
- (b) It is the intention of the parties that the Michener name and brand identity will be preserved for a minimum of three (3) years so that current Michener students graduate under the Michener brand. It is the intention that the Michener name and brand identity will be enhanced through the Merger.
- (c) The UHN Board of Trustees will pass a resolution at the time of the Merger committing to maintaining the Michener brand as contemplated in paragraph (b) above, which resolution will include the stipulation that such resolution may only be amended or repealed by a 2/3 vote of the UHN Board.

## **7. Vision**

The parties agree on the following vision for the Institute:

*The Institute will advance the health care system by creating the capacity to rapidly adapt health professional training to meet pressing challenges and to seize new opportunities for innovative healthcare educational solutions in Ontario.*

*The integrated institution will leverage the strength of two outstanding healthcare education leaders – UHN with its strongly clinical training environment and centres of excellence in education research and Michener with its strong continuing education and professional development programs. As a single, first in Canada leader in healthcare education, the Institute will strongly support and extend the capabilities of health professionals in practice while transforming the education of health professionals for tomorrow.*

*Bringing education and practice closely together, the Institute will be a source of innovation of new approaches to education and practice in health care that will help sustain our healthcare systems and meet the needs of patients and families today and tomorrow.*

## **8. Mission**

The parties agree on the following mission for the Institute:

*The Institute will be dedicated to the education of preeminent applied health science practitioners capable of providing transformational leadership, superior performance, and evidence based best practice.*

*Our mission is to provide unparalleled excellence in applied health education, research and knowledge translation.*

*The new educational institution will be built on Michener's unwavering commitment to provide the "gold standard" of applied health science education.*

See Schedule A for more details around achieving the vision and mission of the Institute.

## **9. Governance**

Immediately upon completion of the Merger:

- (a) The UHN Board of Trustees will increase in size by one (1) to add an individual selected by and from the Michener Board of Governors, in close consultation with UHN and subject to the approval of the UHN Board. The Michener Trustee would serve on the UHN Board for at least 2 years.
- (b) A standing committee of the UHN Board of Trustees will be struck with the mandate of, or assigned with the mandate of, overseeing academic programs and compliance with Ministry of Training, Colleges and Universities' requirements. The parties agree that this standing committee is critical to ensure the Institute's continued recognition and approval as a diploma-granting organization (a new mandate for UHN). The mandate of this committee will include ensuring that Michener legacy business critical functions to support a diploma-granting organization are preserved, including student support services, academic advising, scholarships and bursaries. The Michener Trustee identified in paragraph (a) will be a member of this committee.
- (c) The UHN Board of Trustees will pass a resolution at the time of the Merger striking or assigning a standing committee with the mandate of overseeing educational programs as contemplated in paragraph (b) above, which resolution will include the stipulation that such resolution may only be amended or repealed by a 2/3 vote of the UHN Board.

## **10. Existing and Future Partnerships and Affiliations**

Existing Michener academic, health system and other partnerships will be respected as the result of the Merger. The resulting model will support an evolving, enhanced multi-lateral partnership strategy – recognizing the unique and critical role Michener’s existing clinical partners must continue to play to support the new mandate.

The University of Toronto will remain an integral affiliate in the delivery of joint programs, and Michener’s agreement with UofT will be respected.

UHN will facilitate the Institute’s access to its existing research, clinical and educational partnership network in a manner that supports realization of a new vision for applied health science education and achieves practical benefits from strengthened interaction between clinical, education and research domains.

## **11. Funding and Financial**

Existing Michener financial assets and commitments will be maintained post-Merger including its MOHLTC funding benefits and obligations.

The parties will work with the MOHLTC to establish a separate Transfer Payment Agreement for the Institute post-Merger. UHN will not charge non-Institute overhead costs against the Michener TPA budget.

Any commitment by UHN in this MOU to continue or enhance the programs and operations of Michener is conditional on receipt by UHN of appropriate funding from the Province.

## **12. Human Resources**

A human resource integration plan will be developed that will respect the terms of all employment contracts and union contracts in accordance with all legislative obligations, in support and furtherance of achieving the educational mission and vision described in this MOU.

## **13. Key Assets**

Existing non-operational Michener financial assets (e.g., Education Development Fund, scholarship, bursaries and other funds) will be maintained by UHN in a manner consistent with existing purposes.

Michener will confirm any intellectual property that has special terms or reserved rights that may be affected by the Merger.

**14. Michener Premises**

- (a) The current Michener St. Patrick Street site will be retained for the purposes of the Institute and will continue to be a centre for educational and related programming for a period of no less than three (3) years. In the event of future changes to the utilization of the current Michener site, applied health sciences and continuing education programs would be provided with required space at another equivalent or better facility.
- (b) Wherever practical and advantageous, UHN will co-locate existing educational programs within the Institute location at 222 St. Patrick Street with the objective of increasing the utilization of these facilities and creating synergies and collaboration opportunities between research and educational streams.
- (c) The UHN Board of Trustees will pass a resolution at the time of the Merger supporting the foregoing description of the usage of 222 St. Patrick Street, which resolution will include the stipulation that such resolution may only be amended or repealed by a 2/3 vote of the UHN Board.

**15. Reinvestment & Fundraising**

- (a) Any potential efficiencies or cost savings realized from the Merger will be reinvested to support the renewed vision and mission of the Institute. Management will report on such efficiencies and savings, including those referenced in Section 16(a) below, directly to the committee established pursuant to Section 9(b) and will report on how such funds have been reinvested in the Institute's educational mandate.
- (b) UHN will develop an integrated fundraising strategy for the Institute.

**16. Corporate Services & Information Technology**

- (a) Post-Merger, UHN will explore and pursue opportunities for consolidation of IM, finance and other back office services along with related efficiencies on the understanding that changes will be undertaken in a manner consistent with the vision set out in this MOU.
- (b) Opportunities to leverage UHN's IM and IT infrastructures will be pursued post-Merger in order to benefit from the scale and sophistication of UHN's existing operational capacities. It is anticipated that much of Michener's existing technology infrastructure components and services will be integrated with UHN systems and services. However, where Michener has unique information system requirements as an academic institution (e.g., tuition and OSAP processing), existing systems may need to be preserved or replicated.
- (c) Any new integrated IM/IT plan must support the existing and future Michener eLearning Strategy.

**17. Stakeholder Relations**

- (a) The parties have identified that there are a number of key stakeholders whose support for the Merger will be important. The parties will work collaboratively to identify such stakeholders and to develop an appropriate approach to obtain stakeholder support, such approach to be made jointly as contemplated above.
- (b) The parties will agree on a communications plan for both internal and external stakeholders.

**18. Timing and Key Dates**

The parties will work diligently to a proposed completion of the Merger by no later than December 31, 2015, subject to receipt of all necessary approvals.

**19. Approvals**

The Merger may be a voluntary integration under the *Local Health System Integration Act* and accordingly UHN will consult with the TCLHIN as to whether formal voluntary integration notification is required. If so, UHN will follow the voluntary integration notification process jointly with Michener.

The Boards of both UHN and Michener must approve the Merger, and the members of Michener must approve the Merger.

Michener requires the consent of the MOHLTC under its Transfer Payment Agreement to effect the Merger.

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Each of Michener and UHN 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 effecting the Merger.

Dated at Toronto this 21<sup>st</sup> day of May, 2015.

**THE MICHENER INSTITUTE FOR APPLIED HEALTH SCIENCES**

**UNIVERSITY HEALTH NETWORK**

By: \_\_\_\_\_  
Cliff Nordal, Past Chair of the Board  
& Chair, Board Integration Oversight Committee

By: \_\_\_\_\_  
John Mulvihill, Chair of the Board

By: \_\_\_\_\_  
Maureen Adamson, President & CEO

By: \_\_\_\_\_  
Dr. Peter Pisters, President & CEO

## **Schedule A**

### **More Detail regarding Post-Merger Institute**

#### **Educational Services**

UHN educational programs as well as its educational centres of excellence (such as, for example, the Temerty-Chang Telesimulation Centre, the HoPingKong Centre for Excellence in Education and Practice (CEEP), The Centre for Interprofessional Education (IPE), the de Souza Institute, The UHN International Centre for Education (UHN ICE) and The Wilson Centre) will be integrated into the Institute structure in order to augment the existing school of applied health sciences and UHN's continuing education programs.

Through its health service delivery and research systems, UHN will support the Institute in the realization of a shared vision for an enhanced applied health sciences educational model including accelerated and deepened clinical exposure for students and faculty and ensuring access to broad resources (e.g., advanced diagnostic and therapeutic equipment).

Continuing education programs are recognized as an important aspect of career-long learning and will be sustained and developed for both UHN internal community as well as external communities of practices in Ontario and beyond. It is anticipated that continuing education programs will be consolidated within the new Institute.

Existing Michener academic operations would continue as current for a period of 3 years to ensure Michener can meet its existing student and operational commitments. Specifically, no program or other changes would undermine or negatively impact the ability of enrolled students at the time of transfer to complete their full Michener educational programs.

#### **Clinical Placements**

The Institute will continue to serve the needs of multiple clinical partners and health service organizations.

Post-integration Michener health science students will have first priority access to stable and predictable UHN clinical placements that support the model of earlier and deepened clinical exposure. Other clinical partners will continue to have access to Michener students in a manner consistent with the enhanced clinical educational model.

#### **Research**

The Institute will strengthen research capability, lead and pioneer new educational models, and ensure Institute students and faculty have exposure to applied research environments.