

Appendix K: Tentative Legal Critical Path

A critical path was drafted to provide the Boards with an overview of the key steps required to support a merger if such a decision is taken, from a governance perspective. This process is outlined in the chart below.

The process is based on the assumption that the hospitals decide in mid-November to amalgamate in principle subject to completion of due diligence, finalization of an amalgamation agreement (including selection of the Amalco Board of Directors (the “New Board”)) and regulatory approvals. The term “Amalco” refers to the amalgamated hospital.

The table below outlines the steps from the point of Board approval in principle through to final Board approval. Dates are subject to change.

Date	Item/Task
November	<p data-bbox="456 680 1057 707">Board Resolution to Agree in Principle to Amalgamate</p> <ul data-bbox="508 716 1349 1052" style="list-style-type: none"> <li data-bbox="508 716 1308 772">• The Board of each Hospital passes a resolution to agree in principle to amalgamate with the other. <li data-bbox="508 793 1349 850">• The resolution will specify that final approval of the amalgamation will be subject to further Board approval including: <ul data-bbox="553 877 1187 1052" style="list-style-type: none"> <li data-bbox="553 877 915 905">• Selection of the New Board; <li data-bbox="553 926 1187 953">• Approval of the definitive Amalgamation Agreement; <li data-bbox="553 974 1101 1001">• Completion of satisfactory due diligence; and <li data-bbox="553 1022 987 1050">• Preparation of by-laws for Amalco. <p data-bbox="456 1079 927 1106">Formation of a Joint Transition Committee</p> <p data-bbox="456 1115 1349 1171">The Joint Transition Committee will be formed with representatives of each Board. Responsibilities of the Joint Transition Committee will include:</p> <ul data-bbox="508 1192 1365 1730" style="list-style-type: none"> <li data-bbox="508 1192 971 1220">• Oversight of the due diligence process. <li data-bbox="508 1241 1349 1297">• Approval of a joint due diligence report in a form to be submitted to both Boards. <li data-bbox="508 1318 1166 1346">• Determining the process for selection of the New Board. <li data-bbox="508 1367 1084 1394">• Determining the process for selection of officers. <li data-bbox="508 1415 1240 1442">• Overseeing the board of directors and officer selection process. <li data-bbox="508 1463 1101 1491">• Overseeing the human resources integration plan. <li data-bbox="508 1512 1338 1612">• Approving the form of Amalgamation Agreement and the proposed new corporate and professional staff by-laws (for recommendation to both Boards). <li data-bbox="508 1633 1365 1730">• Ensuring a communication plan is in place for ongoing communication with key stakeholders (including foundations, auxiliaries/volunteers, employees and staff, and external stakeholders). <p data-bbox="456 1751 1305 1808">The Joint Transition Committee may choose to form sub-committees that may include the following sub-committees:</p> <ul data-bbox="508 1829 927 1856" style="list-style-type: none"> <li data-bbox="508 1829 927 1856">• Due Diligence: Financial, legal, risk

	<ul style="list-style-type: none"> • Human Resources • By-law • Board and Officer Selection
<p>Mid-November, 2013 – late January 2014</p>	<p>Actions to be taken prior to late January</p> <ol style="list-style-type: none"> 1. Due Diligence Each Hospital shall perform due diligence to identify and resolve any issues that may be an impediment to amalgamation. 2. Development of a human resources implementation plan 3. Identification of board members for Amalco 4. Finalization of the Amalgamation Agreement The following information will be required to finalize the Amalgamation Agreement: <ul style="list-style-type: none"> • Confirmation of the head office of Amalco. • The name and address for service of each board member of Amalco. • The name of Amalco. This can be a working name and changed at a later date. 5. Letters Patent for Amalgamation – Form 11 Form 11 is the standard form used to apply for letters patent of amalgamation. It sets out the registered address and directors of Amalco and the executed Amalgamation Agreement is appended to the form. 6. By-laws and Organizational Resolutions The By-laws and resolutions to appoint officers and approve committee structures and governance policies are approved by the New Board. In order for these governance documents to be in place on the date the amalgamation takes effect, the Joint Transition Committee would oversee the development of such documents which will be formally approved by the New Board. The New Board can sign resolutions in writing to approve these documents and such resolutions will be dated to take effect concurrently with the effective date of the amalgamation. Operational policies for each Hospital can be confirmed as continuing to apply on a site basis until Amalco has an opportunity to integrate policies at an operational level. Assuming that the general by-law is based on the OHA prototype by-law the following information will be required to finalize drafts: <ul style="list-style-type: none"> • Size of the board; • Term of office for directors; • Any ex-officio directors titles; • Notice period for directors’ meetings; • Membership structure; • Title of officers; • Who may execute documents on behalf of Amalco (i.e. one or two directors or officers, or specific officers); and • Quorum for meetings of the directors and members.

	<p>A professional staff by-law is also required for Amalco. The OHA-OMA Prototype Professional Staff By-Law can be used as a template with revisions to customize the document for Amalco. It would be usual to involve the Professional Staff in the development of this by-law.</p>
<p>February 2014</p>	<p>Notice of the Meeting of the Directors of Rouge Valley Health System</p> <ul style="list-style-type: none"> • Notice of a special meeting of the Board may be given by telephone or by electronic transmission and shall be given at least twenty-four (24) hours in advance of the meeting. • The notice of the special meeting shall state the purpose for which it is called. <p>Notice of the Meeting of the Directors of The Scarborough Hospital</p> <ul style="list-style-type: none"> • Notice of a special meeting of the Board shall specify the purpose of the meeting, may be given by telephone, and shall be given at least seventy-two (72) hours in advance of the meeting. <p>Meeting of the Directors of Rouge Valley Health System</p> <ul style="list-style-type: none"> • Presentation of the due diligence report • Report on the work of the Joint Transition Committee, including by-laws and governance structure for Amalco • The board of Rouge Valley Health System must pass resolutions approving: (i) the amalgamation; (ii) the Amalgamation Agreement; and (iii) the letters patent of amalgamation. <p>Meeting of the Directors of The Scarborough Hospital</p> <ul style="list-style-type: none"> • Presentation of the due diligence report. • Report on work of the Joint Transition Committee, including by-laws and governance structure for Amalco. • The Board of The Scarborough Hospital must pass resolutions approving: (i) the amalgamation; (ii) the Amalgamation Agreement; and (iii) the letters patent of amalgamation. <p>New Board “designate” of Amalco signs organizational resolutions (to be effective on the date of amalgamation) to approve the by-law and appoint officers. These resolutions may include establishment of committees and approval of governance policies.</p>