

MEMORANDUM OF UNDERSTANDING

BETWEEN: COMMUNITY CARE EAST YORK

AND: WOODGREEN COMMUNITY SERVICES

1. **Purpose**

- (a) Community Care East York ("CCEY") and WoodGreen Community Services ("WCS") are each corporations, incorporated under the laws of the Province of Ontario for the purpose of providing services to their communities.
- (b) CCEY and WCS have determined that it is in their mutual interest and in furtherance of their respective missions, to carry on their operations under a single corporation.
- (c) CCEY and WCS are entering into this Memorandum of Understanding ("MOU") to set out their mutual understanding with respect to the details of the transaction which would achieve their objective (the "**Proposed Transaction**").

2. **Non-Binding Nature**

- (a) This MOU is non-binding on the parties, except as provided for in this section.
- (b) The following paragraphs are binding on the parties:
 - (i) Costs: Unless the parties otherwise agree, each party will pay their respective costs in connection with the transactions contemplated in this MOU.
 - (ii) Third-Party 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). All such approaches will be jointly made unless expressly agreed by the parties.
 - (iii) Confidentiality: The parties have agreed to keep these matters in strict confidence and have entered into a Confidentiality Agreement dated July 13, 2011 which details that agreement.
 - (iv) Publicity: The parties agree that, upon the execution of this MOU, the parties will publicly announce that they have entered into discussions with the intent to carry on their operations under a single corporation. The parties will work together to develop the communications plan and all public messages and announcements are subject to the approval of both parties.
 - (v) Termination: Either party may give written notice to the other at any time that they wish to terminate discussions with respect to the Proposed Transaction upon which event this MOU shall terminate except with respect to the provisions of this section(2)(b).

3. **Proposed Transaction**

- (a) The Proposed Transaction shall be effected by an asset transfer pursuant to which CCEY will transfer all of its right, title and interest in and to all of its assets and undertakings to WCS and WCS will assume certain liabilities of CCEY (the sole consideration for the transfer will be the assumption of liabilities by WCS).
- (b) Upon completion of the Proposed Transaction, CCEY will continue as a corporate entity but will have no assets and no source of revenue. Upon completion of the Proposed Transaction, the corporate governance structure of CCEY will be restructured in such a manner that WCS shall become responsible for the ongoing governance of CCEY. This may be effected by the Board of WCS becoming the members of CCEY and electing individuals to serve as the Board of CCEY until such time as it is appropriate for CCEY to dissolve.
- (c) The parties intend that a fund will be established at The WoodGreen Foundation to be known as the "**Community Care East York Fund**" (the "**CCEY Fund**") to be used for the purpose of improving services for seniors, adults with disabilities and their caregivers. The amount of CCEY assets to be transferred to such fund will be determined immediately prior to the date of the completion of the Proposed Transaction. The parties agree to work together collaboratively to determine the terms and conditions to attach the designated funds which terms and conditions will be proposed by the CCEY Board and subject to the approval of WCS. The parties further agree that the amount to be transferred to the CCEY Fund shall be net of such funds to be transferred without restriction to ensure that the transfer of operations of CCEY on completion of the transaction does not negatively impact the liquidity or solvency of WCS.

4. **Due Diligence**

- (a) Both parties will cooperate to complete due diligence in a timely manner and, for greater certainty, agree to work to have the due diligence completed on or before August 31, 2011.
- (b) Both parties must be satisfied with the results of the due diligence in order for the Proposed Transaction to proceed.

5. **Funding**

- (a) Both parties agree that ongoing financial sustainability is critical to the success of the Proposed Transaction and that assurances satisfactory to each party from CCEY's and WCS' funders that funding levels will not be impacted are necessary for the Proposed Transaction to proceed.
- (b) Both parties will jointly approach the Toronto Central LHIN for funding of transaction costs.

6. **Clients and Services**

The parties agree that the following principles are critical to the completion of the Proposed Transaction:

- (a) CCEY's current services and level of services for seniors, adults with disabilities and their caregivers will be maintained in East York, including those services provided predominantly by volunteers, provided that stable funding remains in place.
- (b) CCEY's Seniors Centre, currently operating at Cosburn United Church, will be formally named "Community Care East York Seniors Centre", with a Seniors Centre Council formally established to provide input on program planning and delivery to senior management.
- (c) Any cumulative surplus within the combined seniors' program group over the five (5) years following completion of the Proposed Transaction will be reinvested in services for seniors, adults with disabilities and their caregivers. For greater clarity, any cumulative surplus will be reinvested in a timely manner, rather than accumulating over the five (5) year period. This cumulative surplus will be calculated based on WCS' existing management reporting methodologies.
- (d) Upon completion of the Proposed Transaction, WCS will immediately join Accreditation Canada and request an accreditation survey within three (3) years for the combined seniors' program group, provided that WCS is not required to seek accreditation for any other of its program groups.
- (e) The Proposed Transaction will provide for continuation of all of CCEY's partnership agreements and arrangements for at least one (1) year, to be revisited by WCS' Board after one (1) year.
- (f) Designated-purpose funds of both parties related to services to seniors, adults with disabilities and their caregivers will be specifically identified and respected throughout the Proposed Transaction.

7. Employees

- (a) Both parties commit to treating employees of both organizations fairly and respectfully throughout the Proposed Transaction. This includes regular and open communication and opportunities for employees to provide feedback and raise questions or concerns.
- (b) The parties acknowledge that WCS will be a successor employer to CCEY's unionized employees under the *Labour Relations Act* and will become the employer for CCEY's non-unionized employees. The employees will continue in comparable positions with a comparable remuneration package, as described in collective agreements, individual employment contracts, or existing employment arrangements.
- (c) WCS will recognize the years of service of CCEY's non-unionized employees as part of the Proposed Transaction.
- (d) Both parties will respect existing collective agreements while they are in place. It is WCS' goal that the employees of WCS (including former CCEY's employees) will be represented by one collective bargaining unit in due course. CCEY and WCS will work together on employee matters and CCEY agrees to cooperate to the extent reasonably practicable to facilitate communications between WCS and CCEY's employees impacted by the Proposed Transaction.

- (e) Both parties agree that retaining certain CCEY senior staff is vital to the success of the Proposed Transaction. Prior to signing any definitive agreements CCEY and WCS will work together to develop fair offers of employment for these individuals for the period beginning upon completion of the Proposed Transaction.

8. **Volunteers**

Both parties will work together to develop a plan related to volunteers of both organizations, which emphasizes open communication, optimizing opportunities and recognition for all volunteers (including an annual event).

9. **Governance**

- (a) The parties have agreed that it would be advantageous if three (3) elected directors from the current Board of CCEY, to be mutually agreed upon by CCEY and WCS, are added to WCS' Board. Subject to WCS membership approval, WCS agrees that it will expand its Board to 18 and nominate the three (3) agreed upon directors for election to the Board on completion of the Proposed Transaction. Such directors will be eligible to serve the normal two (2) three (3) year terms provided for in the WCS By-laws. The parties acknowledge that the number of directors on the WCS Board will be reduced to fifteen (15) over time as directors' terms expire.
- (b) WCS' Board will continue its existing practice of recruiting new directors based on the skill sets required, representation of WCS clients and communities served and the organization's mission, vision and values.
- (c) WCS' Board will expand the terms of reference for its Planning Committee, to be renamed the Planning and Quality Committee, to include the oversight of quality of services, including those provided to seniors, adults with disabilities and their caregivers.
- (d) WCS senior management will prepare a post-transaction review for the WCS Board within twelve (12) months following completion of the Proposed Transaction to assess the results of the transaction.
- (e) Interested CCEY members have the opportunity of becoming a member of WCS subject to meeting WCS membership requirements.

10. **New Initiatives**

- (a) Within eighteen (18) months of completion of the Proposed Transaction, WCS will complete an assessment of housing needs and potential solutions for seniors in East York. This may be funded from the CCEY Fund or other sources.
- (b) WCS will complete upgrades to the physical facilities of the Seniors Centre. This may be funded from the CCEY Fund or other sources.
- (c) WCS' strategic initiatives group will build capacity for research and evaluation in areas supporting seniors in the community.

- (d) WCS' executive responsible for the combined seniors' program group will establish a Seniors Advisory Council for a period of no less than three (3) years. This council will serve as an advisory group on issues related to seniors and will include members from communities served by WCS (including East York), policy experts and other interested parties.
- (e) The WoodGreen Foundation will seek to raise funds for projects related to seniors, adults with disabilities and their caregivers.

11. Future Plans

- (a) Both parties will work together to develop a plan for program delivery for seniors, adults with disabilities and their caregivers, to ensure clients of both organizations continue to receive excellent service.
- (b) WCS will lead the integration of CCEY and WCS back-office operations (including Finance, Human Resources, Information Technology, Facilities Management), with input from CCEY.
- (c) Operational plans, once developed, will be well communicated and provide for transparency following public announcement of the Proposed Transaction.

12. Timing

Both parties will work diligently to complete the Proposed Transaction by December 31, 2011, subject to receipt of all necessary approvals.

13. Approvals

- (a) Both parties agree that certain approvals will be required, including:
 - Toronto Central LHIN (WCS will take the lead on preparing the business case for LHIN approval)
 - Minister of Health
 - Board of Directors of CCEY
 - Board of Directors of WCS
 - Members of CCEY
 - Members of WCS (related to election of CCEY Nominees to WCS Board)
 - Other third-parties if consents or approvals are required under contracts or agreements to be assigned

Each of CCEY and WCS confirm that this MOU accurately sets out the understanding upon which they propose to enter into discussions with each other with a view to completing the Proposed Transaction. Except for matters set out in section 2, this MOU does not create any legally binding obligations between the parties. Any legally binding obligations will be subject to and conditional upon the approvals noted above and execution of definitive agreements.

DATED at Toronto, Ontario this 18 day of August, 2011

COMMUNITY CARE EAST YORK

Per: *S. Stumblay*
Title *Chair*

Per: *D. Dytko*
Title *Exec Director*

WOODGREEN COMMUNITY SERVICES

Per: *Thomas Hopman*
Title *Chair*

Per: *B. Christ*
Title *President & CEO*