

Minutes of The Hospital for Sick Children Board of Trustees' Meeting held on October 27, 2016 at 1:30 p.m. at The Hospital for Sick Children, Toronto, Ontario.

Present:  
Ms. R. Patten, Chair  
Mr. S. Marwah, Vice-Chair  
Dr. M. Apkon  
Mr. A. Khanna  
Mr. T. Penner  
Mr. J. Sullivan  
Mr. M. Gertler  
Mr. L. Scott  
Mr. D. McKay  
Ms. S. Younker, Corp. Secretary

Present:  
Ms. C. Reicin  
Mr. I. Rotenberg  
Ms. K. Taylor  
Mr. R. Prichard  
Ms. G. O'Brien  
Mr. S. Rafi  
Mr. D. Guloien  
Ms. C. Duboc

Regrets:  
Dr. T. Sullivan  
Mr. R. Weese  
Dr. C. De Souza  
Mr. A. Sheiner  
Ms. K. Delaney  
Ms. J. Van Clieaf  
Dr. P. Laussen  
Mr. J. Natale

By Invitation:  
Dr. R. Cohn  
Ms. M. Evans  
Mr. T. Garrard  
Ms. P. Hubley  
Dr. L. Huang

By Invitation:  
Dr. M. Salter  
Ms. S. O'Dowd  
Ms. M. Monk  
Mr. J. Mainland

Regrets:  
Ms. L. Harrison  
Dr. C. Caldarone  
Dr. S. Zlotkin

*\*attended via telephone*

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Ms. Sharon Younker, Corporate Secretary, confirmed that notice of the meeting had been duly sent to all Trustees and that a quorum was present in person or by phone, all in accordance with the Hospital's by-laws. Accordingly, Ms. Rose Patten, Chair of the Board, declared that the meeting was properly constituted and called the meeting to order.

#### **CHAIR'S REMARKS**

Ms. Patten welcomed members to the meeting.

#### **CONSENT AGENDA**

Ms. Patten referred Trustees to the consent agenda items. No questions were raised.

#### **MOTION:**

**NOW THEREFORE, UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED:**

THAT the minutes of the Board of Trustees meeting of September 22, 2016 be approved;  
and

THAT the Medical and Scientific Appointments for September 2016, be approved.

## **EXECUTIVE REPORT**

### **Kids Health Alliance**

Dr. Michael Apkon presented an update on the Kids Health Alliance (KHA) initiative. He reported that management is looking to obtain approval from the Board of Trustees to incorporate KHA and for SickKids to become a founding member.

Dr. Apkon reported that discussions between the 3 founding members, are progressing well. The CEO's and Board representatives met on October 13 to review and agreed on the principles for creation of the KHA.

Mr. Sabi Marwah, Vice Chair updated Trustees on the discussions held at a meeting of the 3 CEOs and the Board Chairs.

Discussion ensued regarding the governance structure and the connection to the 3 founding member's governing boards, roles and responsibilities, issues related to philanthropic activities, and next steps. Dr. Apkon confirmed that once all three founding member Boards have approved the motion to proceed that they will focus on the Community Hospital vertical, information technology alignment, and opportunities for corporate services sharing. It was recommended that the fact that many conditions that burden adults and the healthcare system are conditions that begin in childhood should be added to the two page summary of Kids Health Alliance.

### **MOTIONS:**

**NOW THEREFORE, UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED:**

THAT, the Board of Trustees approves in principle the KHA initiative and authorizes management to proceed with the formation of the KHA Corporation and for SickKids to become a founding member along with Holland Bloorview and Children's Hospital of Eastern Ontario (CHEO).

## **COMMITTEE REPORTS**

### **Finance & Audit Committee (FAC)**

Mr. Larry Scott, Chair of the FAC Committee, reported on the meeting held on October 14, 2016. He highlighted the Committee's discussion on the financing options for capital needs over the next several years. The FAC also discussed cyber security and the FAC's role in this matter. This Governance and Nominating Committee will review and determine committee accountabilities and management will bring an update on cyber security to the Board of Trustees meeting in November.

### **Project Swan**

Mr. Scott reported that the FAC was presented a detailed overview of the proposed Hincks Dellcrest integration that included the Integration Business Case, Due Diligence Report, and Financial Analysis. Following discussion the FAC agreed to recommend to the Board the adoption of a resolution with the proviso that SickKids amend the Memorandum of Understanding to indicate that the closing is conditional upon management being satisfied with the results of due diligence with respect to a specific list of the most significant open issues.

Dr. Apkon presented the SickKids and Hincks Dellcrest integration vision, opportunity for integration of programs/services and back-office functions, alignment with the Ministry of Health and Long Term Care (MOHLTC) and the Ministry of Child and Youth Services (MCYS) strategic directions, and SickKids' due diligence process and findings.

Dr. Apkon reported on the legal and operational due diligence process and outcomes. He outlined the issues yet to be resolved and explained that these outstanding items will be a condition of closing.

Dr. Apkon presented the financial considerations, highlighting the Five Year Financial Forecast including the Profit and Loss Statement post-integration which takes into account reductions in ongoing costs and one-time integration costs. He also provided an analysis of the Hincks Dellcrest Balance Sheet.

The draft Memorandum of Understanding between Hincks Dellcrest and SickKids outlines the common expectations and respective roles and responsibilities in respect to the integration; and to set out the terms and conditions upon which the integration will occur.

The approvals and timelines were presented with an expected transaction closing date of any time between February and April 2017.

Dr. Apkon explained that the resolution as written, allows management the right to amend the MOU as management deems appropriate and to proceed to integrate with The Hincks-Dellcrest Treatment Centre ("HDTC") and The Hincks-Dellcrest Institute ("HDI") through a governance restructuring intended to be effective February 1, 2017.

Mr. Scott reported that the FAC discussed the governance model for integration, the risks and conditions on closing and the risks related to Ministry funding.

Trustees discussed the issues to be resolved upon closing and the legal due diligence with respect to disclosed documents.

**MOTION:**

**NOW THEREFORE, UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED:**

THAT, having received the oral report of, Management, the written due diligence report in respect of Project SWAN, and the form of MOU, the Finance and Audit Committee of The Hospital For Sick Children recommends that the below resolution be considered by the board of trustees of The Hospital for Sick Children:

WHEREAS The Hospital for Sick Children ("SickKids") wishes to integrate with The Hincks-Dellcrest Treatment Centre ("HDTC") and The Hincks-Dellcrest Institute ("HDI") through a governance restructuring intended to be effective February 1, 2017 or such other date as agreed to by SickKids, HDTC and HDI (the "Closing Date"), pursuant to which SickKids will take governance control of, and become responsible for the programs offered by HDTC and HDI (the "Integration") as described more particularly in the memorandum of understanding presented to the board of trustees (the "MOU").

AND WHEREAS SickKids has conducted legal and operational due diligence in connection with evaluating the advantages and disadvantages of the Integration, the process and key findings of which are set out in the due diligence report provided to the board of trustees (the "Due Diligence Report").

**BE IT RESOLVED THAT:**

1. The Due Diligence Report is received.
2. The Integration and the MOU are each approved.
3. Any two trustees or officers of SickKids (the "Authorized Signatories") are, together, authorized and directed to execute and deliver the MOU for and on behalf of SickKids, with such amendments as the Authorized Signatories may determine necessary or

advisable, including, without limitation, amendments to comply with the requirements of any governmental authority having jurisdiction in respect of the Integration, without the need for further approval of the board of trustees, and the executed MOU shall be conclusive evidence of its approval by the Authorized Signatories, and the MOU so executed and delivered is the MOU authorized by this resolution.

4. Any officer or trustee of SickKids is authorized and directed, for and on behalf of SickKids, to do all acts and things and to execute, under the corporate seal of SickKids or otherwise, and to deliver, all such agreements, documents, certificates or other instruments as may be necessary or desirable to give effect to the Integration.
5. The chief executive officer of SickKids is authorized to discontinue pursuit of the Integration without further approval of the board of trustees, if supplementary due diligence in respect of HDTC and HDI to the Closing Date is not satisfactory to SickKids.
6. Any trustee or officer of SickKids is authorized and directed to do all acts and things and execute or cause to be executed, whether under the corporate seal of SickKids or otherwise, and deliver all such documents, instruments, certificates and agreements as in his or her opinion may be necessary or desirable to give effect to the Integration and the foregoing resolutions.

Ms. Patten acknowledged and thanked Trustees and management for their diligent work and support of these two important strategic initiatives.

#### **IN-CAMERA MEETING OF THE BOARD OF TRUSTEES**

An in-camera session of the Board of Trustees was held.

#### **ADJOURNMENT**

There being no further business for discussion, the meeting was adjourned.