

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

BETWEEN:                   **CANADIAN MENTAL HEALTH ASSOCIATION, MIDDLESEX BRANCH ("CMHA M")**  
AND:                         **CANADIAN MENTAL HEALTH ASSOCIATION, ELGIN BRANCH ("CMHA E")**  
AND:                         **CANADIAN MENTAL HEALTH ASSOCIATION, OXFORD BRANCH ("CMHA O")**  
AND:                         **ADDICTION SERVICES OF THAMES VALLEY ("ADSTV")**

**1. Purpose**

- (a) CMHA M, CMHA E, CMHA O and ADSTV (each, a "Party" and collectively, the "Parties") are each corporations incorporated under the laws of the Province of Ontario.
- (b) Each of the Parties provides mental health and addictions services in the communities of Middlesex, Elgin and Oxford Counties.
- (c) The Parties believe that the health care needs of their respective clients would be better served if the Parties were to collaborate to provide a more integrated system of mental health and addictions services.
- (d) The Parties believe that exploration of governance integration between the Parties is an important part of creating a more integrated system of services for clients.
- (e) The Parties are entering into this MOU to set out their understanding with respect to the investigation of the potential integration of the Parties to further their shared objective of creating an integrated system of service delivery for mental health and addictions.

**2. Proposed Next Steps**

*Target of End State*

- (a) The Parties have agreed to explore operational integration with the potential for governance integration as described in Schedule A to this MOU. After the Transition State (as set out in Schedule B), to the extent that each party is satisfied with the results of its investigations, all parties shall negotiate with respect to an agreement addressing integration at the governance level, the result could be the End State as described in Schedule A. In order to work together to investigate the viability of the End State, and to continue their due diligence, the Parties will establish the Transition Council with the mandate described in Schedule B.

*Proposed Steps to Create a Transition State*

- (b) The Transition State, focusing on investigations and continued due diligence by the Parties, and the creation and mandate of the Transition Council, shall be effected by, and carried out in accordance with, the terms and conditions of a transition agreement (the

“Transition Agreement”) to be negotiated and approved by the Parties. The Transition Agreement will set out conditions precedent for, and the right of each Party to refrain from, entering into End State.

- (c) End State, if approved by each of the Parties, will require:
  - (i) CMHA M, CMHA E, CMHA O and ADSTV, or any of them which so agree, to become one legal entity (“CommunityCo”) by way of an amalgamation or asset transaction (process to be studied and recommended by the Transition Council); and

#### *Transition State – Working towards End State*

- (d) Immediately upon signing this MOU, the Parties will work towards negotiating the Transition Agreement and entering the Transition State. During the Transition State each of the Parties will: (i) remain a separate corporation that is governed by its own board of directors; and (ii) continue to be controlled by its current corporate membership. Each Party will be expected to maintain a “closed” corporate membership (i.e., a person must be a director of a Party in order to be a member of such Party). Governance collaboration in Transition State will be achieved through the establishment of a Transition Council that is composed of board members from each of the Parties. The Transition Council will be primarily an advisory body to the Parties to enable the Parties to investigate, and plan for, the possible implementation of the End State. The purpose and mandate of the Transition Council is further described in Schedule B. As part of this State, an Integration Coordinator would be hired to support the work of the Transition Council, together with such other resources as the Parties may require to achieve the objective of Transition State.

#### *End State – Legal Status and Governance Structure*

- (e) If End State is agreed upon, the Parties who agree will merge with one another to become CommunityCo. CommunityCo will be a legal entity that: (i) is governed by its own board of directors and executive team; (ii) is controlled by its own corporate membership; (iii) holds all of the assets and liabilities of each Party; (iv) would be expected to provide the services and programs that were previously provided by the End State Parties; and (v) would negotiate a single service accountability agreement with the LHIN, or its successor, the Parties all acknowledging the current state of transition regarding the governance of health care in Ontario. For clarity, this Agreement shall not bind any of the Parties to agree to the End State.

#### *Timing*

- (f) The Parties will work diligently to complete the Transition Agreement, subject to receipt of all necessary conditions precedent as set out in this MOU.

### **3. Transition to End State**

- (a) Execution of the Transition Agreement will be evidence of a Party’s intention to participate in the Transition State, subject to satisfactory negotiation of the Transition Agreement. The Parties understand that each Party’s ability to enter into the Transition Agreement will be subject to:

- (i) receipt of sufficient joint funding to cover the costs of implementing the Transition State, as contemplated in subsection 5(b) (it being acknowledged that each Party is to bear its own costs until the Transition State);
  - (ii) required internal approvals (i.e. Board);
  - (iii) required external approvals (i.e. South West Local Health Integration Network, or its successor (the “LHIN”) and/or relevant funder consents); and
  - (iv) Negotiation of a Transition Agreement that is satisfactory to the Parties.
- (b) The Transition Agreement will set out conditions precedent for, and the rights of each Party to refrain from entering into, End State. The Parties intend that during Transition State each Party will have the ability to terminate its participation in Transition State, and not proceed to End State, based on direction by that Party’s board of directors at any time by providing written notice of such termination to each of the other Parties.
- (c) The implementation of End State shall be subject to, among other things, the following:
- (i) receipt of sufficient joint funding to cover the costs of the Parties implementing and sustaining the End State, as contemplated in subsection 5(b);
  - (ii) required internal approvals (i.e. Board) being obtained by each Party;
  - (iii) required external approvals (e.g. the LHIN, other relevant funders and regulators) being obtained by the Parties as applicable; and
  - (iv) negotiation of an Amalgamation Agreement or Asset Transfer Agreements that are satisfactory to the Parties to effect the merger and create CommunityCo.

**4. Due Diligence**

Each of the Parties will cooperate to complete due diligence in a timely manner, continuing after the execution of this MOU, and, for greater certainty, agree to work to have the due diligence completed as agreed to by the Parties.

**5. Funding**

- (a) The Parties agree that ongoing financial sustainability is critical to the success of the proposed integration; and that assurances satisfactory to each Party from the LHIN and other relevant funders that funding levels will not be impacted by the proposed integration are necessary for the Parties to proceed with each of the proposed States.
- (b) The Parties will together approach the LHIN for funding of costs related to implementation of the States.

**6. Clients and Services**

The Parties agree that the following principles are critical to the successful implementation of the proposed integration:

- (a) Throughout the multi-state integration process the care and service of the Parties' respective clients shall be a priority and all reasonable steps shall be taken to ensure that patient care and services are not negatively impacted by the integration processes.
- (b) Existing and planned partnerships and collaboration arrangements shall be respected.
- (c) Designated-purpose funds of each Party will be specifically identified and respected throughout each successive State.

**7. Employees**

- (a) All Parties commit to treating employees of each Party fairly and respectfully throughout the Transition and integration processes. This includes regular and open communication and opportunities for employees to provide feedback and raise questions or concerns.
- (b) The parties acknowledge that if the Parties proceed to End State:
  - (i) All Parties will proactively communicate with their respective employees to champion the integration and the benefits of End State to clients and staff in order to improve retention of existing staff.
  - (ii) CommunityCo will be a successor employer to the unionized employees of Parties under the *Labour Relations Act* and will be a successor employer to the non-unionized employees of the Parties under the *Employment Standards Act*.
  - (iii) The Parties will take all reasonable actions so that the employees will continue in comparable positions with a comparable remuneration package, as described in collective agreements, individual employment contracts, or existing employment arrangements.
  - (iv) CommunityCo will recognize the years of service of the unionized and non-unionized employees of the Parties.
- (c) The Parties will respect existing collective agreements while they are in place. The Parties will work together on employee matters and agree to cooperate to the extent reasonably practical to facilitate communications with employees impacted by any State.
- (d) The Parties agree that retaining certain senior staff of the Parties, generally, is vital to the success of each successive State. The Parties will work together to develop fair offers of employment for these individuals prior to the beginning of End State.

**8. Volunteers**

The Parties will work together to develop a plan related to volunteers of the Parties, which emphasizes open communication, optimizing opportunities and recognition for all volunteers.

**9. Exclusivity**

From the Effective Date (as defined on the signature page below) of this MOU until the earlier of the date on which (i) this MOU is terminated, in totality or with respect to a Terminating Party (as that term is defined below) or (ii) the Transition Agreement comes into effect, each of the Parties

agrees that in the absence of notifying each of the Parties by email or otherwise in writing, it shall not and shall not permit any of its agents or representatives to, solicit, initiate, or encourage inquiries or proposals by any third party, or provide any information or participate in any negotiations leading to any proposal from a third party concerning any integration of (A) the Party in its entirety, or (B) any portion of the Party's activities that are relevant to mental health and addictions programs or services. For greater certainty, all of the Parties acknowledge that the regulatory environment is in a state of flux and as such some, if not all, of the Parties are or will be involved in discussions or consultations with third parties in this regard from time to time, which may lead to negotiations. Aside from notifying the other Parties, each Party agrees to communicate in good faith to the extent that any such negotiations proceed to the point where they may result in such Party withdrawing from this MOU.

**10. Term and Termination**

- (a) This MOU shall remain in effect until the date on which the Transition Agreement comes into effect.
- (b) Any Party (the "Terminating Party") may give written notice to each of the other Parties at any time as set out in this MOU if it wishes to cease being a Party to this MOU, upon which event this MOU shall terminate and cease to apply with respect to such Terminating Party, except with respect to such terms as are identified in section 11(i) of this MOU.

**11. General Terms**

- (a) Notices: All notices, requests, demands or other communications required by this MOU or permitted to be given by one Party to one or more other Parties shall be given in writing by personal delivery, by registered mail, postage prepaid, or delivered to such other Parties as follows:

If to CMHA O: 522 Peel St, Woodstock, ON N4S 1K3  
Attn: Board Chair

If to CMHA M: 534 Queens Avenue, London, ON N6B 1Y6  
Attn: Board Chair

If to CMHA E: 110 Centre St, St. Thomas, ON N5R 2Z9  
Attn: Supervisor

If to ADSTV: 200 Queens Avenue, Suite 260, London, ON N6A 1J3  
Attn: Board Chair

or at such other address as may be given by a Party to the other Parties in writing from time to time, and such notices, requests, demands and other communications shall be deemed to have been received, if delivered personally, on the date delivered; if mailed, on the fifth (5th) business day after the mailing thereof; provided that in the event of a

strike or other interruption in the normal delivery of mail after the mailing of any notice, request, demand, acceptance or other communication hereunder but before the deemed receipt thereof as provided herein, such notice, request, demand or other communication shall not be deemed to be received by the party for whom the same is intended unless the same is delivered to such party either personally as contemplated herein.

- (b) Costs: Unless the Parties otherwise agree, each Party will pay its respective costs in connection with the transactions and agreements contemplated in this MOU. It is the intention of the Parties to seek joint funding for the costs of this MOU from the LHIN.
- (c) Confidentiality: Each Party agrees that all information disclosed to it by any other Party under this MOU is confidential. A receiving party will not, without the prior approval of the disclosing party, disclose to any person, firm, corporation or other entity any confidential information that belongs to the disclosing party and that becomes known to the receiving party as a result of the MOU. This obligation survives the termination or expiration of this MOU. At the termination of this MOU, the disclosing party may require the return of any confidential information provided to the receiving party or parties. Notwithstanding the foregoing, a receiving party shall have no obligation with respect to any information of the disclosing party that:
  - (i) is documented as already being in its possession without burden of confidentiality;
  - (ii) is or becomes publicly available or public knowledge through no fault of the receiving party; or
  - (iii) is disclosed pursuant to the lawful requirement of a court or government agency of competent jurisdiction without condition of confidentiality, but only to the extent so required, provided that the disclosing party is notified in advance and given the opportunity to seek a protective order against such disclosure.
- (d) Publicity and Communication: The Parties agree that, upon the execution of this MOU, the Parties will publicly announce that they have entered into discussions to explore service and/or governance integration through the multi-stage process that is described in this MOU. Further, the Parties will review and approve the internal information that is provided to each Party's employees, clients and partners with the objective that consistent information is disseminated by all Parties. The Parties will work together to develop the internal and external communications plans and all internal and public messages and announcements pertaining to this Agreement are subject to approval by each of the Parties.
- (e) Applicable Law: This MOU shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein. The courts of the Province of Ontario shall have jurisdiction to entertain any action arising under this MOU, and the Parties hereby submit to the exclusive jurisdiction of the courts of Ontario and acknowledge their competence and agree to be bound by any judgment thereof.

- (f) Amendments: No amendment to, or modification of, this MOU shall be binding unless approved by each Party and documented in writing, signed by duly authorized signatories of each of the Parties.
- (g) Successors and Assigns: This MOU shall inure to the benefit of, and be binding upon, the Parties and their respective administrators, successors and assigns.
- (h) Waiver: No waiver by a Party of any breach of any of the provisions of this MOU by any other Party shall take effect or be binding upon the waiving Party unless in writing and signed by such Party. Unless otherwise provided therein, such waiver shall not limit or affect the rights of the Party with respect to any other breach.
- (i) Survival: Subsections 11(b) (Costs), (c) (Confidentiality), (d) (Publicity), and (e) (Applicable Law) of this section shall survive the termination or expiration of this MOU, together with any other provisions that survive by operation of law.
- (j) Counterparts: This MOU may be executed in several counterparts, each of which so executed shall be deemed to be an original and such counterparts together shall constitute one and the same agreement and notwithstanding their date of execution, shall be deemed to be executed on the Effective Date as set out below.

*[The remainder of this page has intentionally been left blank.]*

Each of the Parties confirms that this MOU accurately sets out the understanding upon which it proposes to enter into discussions with the other Parties with a view to continuing its investigations of the proposed integration.

**EFFECTIVE** as of May 1, 2019 (the “Effective Date”).

**CANADIAN MENTAL HEALTH ASSOCIATION,  
MIDDLESEX BRANCH**

Per: \_\_\_\_\_  
Title

Per: \_\_\_\_\_  
Title

**CANADIAN MENTAL HEALTH ASSOCIATION,  
ELGIN BRANCH**

Per: \_\_\_\_\_  
Title

Per: \_\_\_\_\_  
Title

**CANADIAN MENTAL HEALTH ASSOCIATION,  
OXFORD BRANCH**

Per: \_\_\_\_\_  
Title

Per: \_\_\_\_\_  
Title

**ADDICTION SERVICES OF THAMES VALLEY**

Per: \_\_\_\_\_  
Title

Per: \_\_\_\_\_  
Title



**SCHEDULE A**  
**INTEGRATED SOLUTION**

**Background:**

The following End State has been guiding discussions between the partner organizations:

Each of the Parties agrees that a new integrated addictions and mental health service delivery model in Thames Valley, which builds on client experience, staff expertise and program strengths, will improve access and coordination for clients and their families leading to excellent service delivery and high quality of care.

Achieving the End State will:

- Enhance client experience and quality of care;
- Achieve a more seamless continuum of effective and timely addictions and mental health services;  
and
- Improve services for populations not typically well-served and improve health equity.

**Proposed Principles for Integration:**

- In order to create a more integrated system of services for clients, collaborative planning is an important part of the solution
- This may mean that how the current Boards oversee their respective organizations may change – there may be a need to consider new governance relationships
- The solution will strengthen linkages between service providers and create a more seamless service for the client.
- The solution will allow the organizations to speak with “one voice” to the public and funders to improve the client experience
- Governance will have a systemic focus because the client sees the system and not the silos
- The solution will respect the history, mandate and strengths of each Party
- The solution must include transparent sharing of relevant information
- The solution will allow the organizations to advocate with the LHIN for a more flexible funding model for programs and services that allows more innovative decision-making
- The solution will:
  - Empower and strengthen oversight of the addictions and mental health system

- Enhance service delivery for clients
- Establish performance metrics for the system
- Implement standardization to improve client access and navigation, while still maintaining some flexibility to ensure recognition of both unique individuals' needs and individual community needs
- Be scalable, so that other organizations may join

## SCHEDULE B

### TRANSITION STATE — TRANSITION COUNCIL

**Purpose:** Create a shared oversight body, the Transition Council, composed of Board representatives and executive staff from all Parties and the LHIN. The purpose of the Transition Council is to serve as the transition team to ensure that the organizations continue their due diligence investigations, plan for and, if each Party agrees, achieve the End State. During the Transition State, each organization maintains its separate legal existence, governance structure, budget, property, employees, identity and mission. The Transition State will require an appropriately resourced budget to secure the resources to effectively plan and prepare for End State. During the Transition State, the organizations will get to know each other better and build trust as they consider moving purposefully to End State.

**Brand:** The Transition Council will be commonly branded (e.g., TV AMH Transition Council).

**Transition Council Composition:** The Transition Council will be composed of the following voting representatives:

- 2 Board members and 1 executive staff from CMHA O
- 2 Board members and 1 executive staff from CMHA M
- 2 Community members and 1 executive staff from CMHA E (No Board in place)
- 2 Board members and 1 executive staff from ADSTV

The Transition Council will primarily be an advisory body (i.e., the Transition Council will make recommendations back to the Parties, with perhaps some delegated authority from the boards for planning for mental health & addictions services in Thames Valley – to be determined by the boards).

The LHIN will be represented on the Transition Council as a non-voting representative.

**Mandate:** The mandate of the Transition Council is:

- Working with the LHIN, to ensure there are appropriate resources to support the transition process including project management, administrative, legal and HR advice
- Hiring an Integration Coordinator and such other resources as may be required to support the work of the Transition Council
- Overseeing transition budget and spending
- Implementing a comprehensive communications strategy for both internal (staff) stakeholders and external (clients, community, partners) stakeholders
- Developing a detailed work plan with key milestones for achieving End State including due diligence requirements of Party boards

- Regularly updating Party boards on work plan implementation progress
- Advocating to funders and regulators with “one voice”
- Begin identifying linkages and initiating dialogue with other service providers to better serve clients
- Admitting other entities to the transition or End State, provided the admission does not slow or derail progress