



MEETING OF THE BOARD OF DIRECTORS
Sinai Health System
Tuesday, February 16, 2016
MSH Executive Board Room
4:00 – 6:00 p.m.

Minutes

Present:

Mr. Jay Hennick, Chair
Mr. David Denison, Vice Chair
Mr. Brent Belzberg
Ms. Paula Blackstien-Hirsch
Mr. Lawrence Bloomberg
Mr. Ira Gluskin
Dr. Rita Kandel
Mr. Joseph Lebovic
Mr. Joseph Mapa

Ms. Jane Merkley
Mr. Philip Reichmann
Ms. Heather Reisman
Mr. Allan Rudolph
Mr. Mark Saunders
The Rt. Hon. John Turner
Mr. Charles Winograd
Dr. Trevor Young

Via Teleconference:

Mr. Peter Cohen
Mr. Bernard Ghert
Mr. David Leith
Mr. Stephen Pustil

Mr. Joel Reitman
Mr. Robert Rubinoff
Mr. Lawrence Tanenbaum
Mr. Mark Wiseman

Regrets:

The Hon. Linda Frum, Senator
Mr. Paul Gallagher
Ms. Debbie Kimel

Dr. Mirek Otremba
Ms. Honey Sherman
Mr. Edward Sonshine

Also Present from SHS:

Mr. Allen Davidov
Mr. Tony DiCosmo
Mr. Stephen Goldsmith
Mr. Tony Khouri
Dr. Shoo Lee
Dr. Gary Newton

Mr. Jason Rutland
Dr. Maureen Shandling
Ms. Tracy Chisholm
Ms. Joan Sproul
Mr. Marc Toppings
Ms. Marian Walsh

Guest: Mr. Richard Simm, KPMG

1.0 CALL TO ORDER

Mr. Jay S. Hennick, Chair, welcomed the Board members to the combined Board Meetings of Sinai Health System (“**SHS**” or “**Hospital**”), Bridgepoint Health (“**BH**”), and Bridgepoint Collaboratory for Research and Innovation (“**BCRI**”). Mr. Hennick outlined the meetings’ agendas, noting that the meetings would respectively address three separate companies: Sinai Health System, Bridgepoint Health, and Bridgepoint Collaboratory for Research and Innovation.

1.1 Quorum

The Chair noted that a quorum was present and the meeting was duly constituted.

1.2 Declaration of Conflicts of Interest Arising from the Agenda

No Declarations of Conflicts of Interest were declared.

1.3 Approval of Agenda

The agenda was approved as circulated.

2.0 CONSENT AGENDA ITEMS

2.1 Minutes of a Meeting

The previous meeting minutes of the Board of Directors of SHS from Tuesday, December 8, 2015 were pre-circulated, a copy of which is appended to the original minutes. The following resolution was put forward and approved by the SHS Board:

- o **Be it resolved that** the Board of Directors of SHS approves the meeting minutes as circulated.

3.0 OPENING COMMENTS

Mr. Hennick noted that SHS continued to make strong progress against its strategic priorities and that the momentum and level of activity across the organization was unprecedented. Mr. Hennick commended the Management Team for driving that progress and the Members of the Board for their support and encouragement.

Mr. Hennick highlighted several of the Hospital's accomplishments: a defined vision and long-term strategy; a strong and integrated management team; a transformational financing plan; a world class Research Institute; an excellent safety and quality agenda; and a robust IT Roadmap. Other SHS accomplishments that were noted included the following: being the first organization in Canada to achieve a Magnet designation for nursing excellence; recognition as one of Canada's 10 Most Admired Corporate Cultures; reinvigoration of the Foundation due to the diligent work of the Foundation Chair, Mr. Brent Belzberg, the Foundation CEO, Kevin Goldthorp, and the entire Foundation staff; and unwavering support and encouragement of the Ministry of Health and Long-Term Care and Toronto Central LHIN in respect of the integration.

Mr. Hennick concluded by stating that SHS was in a position to address succession in order to take the Hospital from strength to strength in the years to come.

4.0 EXECUTIVE UPDATE

The SHS Leadership Team presented on the following items, copies of which are appended to the original minutes:

CEO Overview

Mr. Joseph Mapa, President & CEO, presented the CEO Overview in which the Hospital was noted to be a mature, confident organization looking to the future. Mr. Mapa noted that major contributors to the strength of the Hospital included the streamlined executive team following amalgamation and the ongoing synergies between the Board and Management; Mr. Mapa also gave an overview of major issues facing health care providers including provincial health system reconfiguration; unabated financial pressures; legal and regulatory changes; and the waning federal government support for research.

Integration and Branding

Ms. Marian Walsh, Associate CEO and Chief Transformation Officer, presented on integration and branding at the Hospital. Ms. Walsh's presentation included confirmation of achievements to date on defined amalgamation commitments; progress to date on new integration and transformation initiatives; and an overview of upcoming strategic priorities. Ms. Walsh affirmed that the Hospital has achieved or is very close to achieving all of the terms of amalgamation. Mr. Hennick noted how well the integration had progressed and thanked Ms. Walsh and her team for their tremendous efforts.

Quality/Safety

Ms. Jane Merkley, EVP, Patient Services, Quality and Chief Nursing Executive, presented a quality update and overview of major program elements driving quality. The presentation included an overview on governance and accountability pertaining to quality; transparency and monitoring; compliance reporting; accreditation; quality aims; the submission of the inaugural system-wide quality improvement plans (QIP) and performance targets; building internal capacity for quality improvement; and an overview of High Reliability Organizations (HRO).

Financials

Ms. Joan Sproul, EVP, Finance (CFO) and Chief Operations Officer, and Mr. Jason Rutland, VP, Finance and Operational Effectiveness, presented on the financial environment for SHS. The Board was informed that the Hospital continued to face significant financial challenges but the plan to balance Hospital operations by year-end remained on track. Not unexpectedly, the financial challenges faced this year, which included the high demand for patient services - in particular Women's and Infants' Health - and the ongoing Emergency Department pressures, will continue into the next fiscal year.

The combined Mount Sinai and Bridgepoint financial results and balance sheet highlights for the Nine Months Ended December 31, 2015 were also presented.

The Board was informed that the Hospital was still in contact with Ministry of Health and Long-Term Care and the Toronto Central LHIN concerning the impact of the F2016 HBAM Funding Allocations on Mount Sinai Hospital (Sinai Health System).

External Financing Strategy

A Briefing Note regarding the SHS Financing Plan – Authorization for Next Steps, which was pre-circulated, a copy of which appended to the original minutes, requested Board-delegated authority for the Resources Committee to execute the next steps in the financing plan. The Board was presented with an update on the work completed to date on the financing plan, and information on the review and approval of an indicative term sheet by the Resources Committee. The Board was also informed that Management had developed a framework and preliminary plans that address the use of proceeds, governance framework, debt service, principal repayment, and next steps.

Mr. Mark Saunders, Chair of the Financing Subcommittee, informed the Board that it had come to Management's attention, as part of the diligence involved in securing the external financing, that the Hospital's letters patent of amalgamation contained a restrictive clause on borrowing.

Mr. Marc Toppings, General Counsel, gave an overview of that restriction, its effect, and Management's next steps to remove the restriction. Mr. Toppings noted that the restriction prevented the Hospital from borrowing for capital purposes unless the loan is secured. It was noted that that provision is one of several "special provisions" typically required by Ontario's Public Guardian and Trustee ("PGT") to be included in all letters patent of Ontario charities but that such clause is not required to be inserted in the incorporating document of public hospitals owing to the special role of the Ministry of Health & Long-Term Care in the operation of hospitals.

When the amalgamated Hospital engaged in the requisite due diligence regarding the amended and restated loan agreements in early 2015, an external legal opinion was obtained that confirmed that there was no issue with such borrowing, including no issue with the Hospital's letters patent of amalgamation. Following further investigation, it was noted that Management had determined such external opinion was incorrect.

The Board was notified of Management's next steps to remove the restriction on borrowing from the letters patent of amalgamation. Mr. Toppings advised that Management had retained Lynne Golding, a corporate lawyer and leader of the national law group at Fasken Martineau LLP, to assist with the approval process. The Board was advised that approval of the Directors and Members would be shortly obtained via special and that, subsequent to such approval, the supplementary letters patent would be submitted to the PGT for approval. Mr. Toppings advised that, based on discussions to date, Management did not anticipate any impediments to the issuance of supplementary letters patent and that the approval process for the supplementary letters patent would proceed in tandem with the financing strategy.

There was robust discussion by the Board on this topic. Management committed to notifying the lenders of the issue as it pertains to the Hospital's existing credit facilities. Mr. Toppings advised that Board that notice of a Special Meeting of the Directors would shortly be provided to approve the supplementary letters patent.

The following resolution was put forward and approved by the Board:

Whereas the Resources Committee has reviewed the material prepared by Management and KPMG LLP, related to the proposed financing structure that best meets the objectives of Sinai Health System ("SHS") and has approved the indicative Term Sheet dated January 20, 2016 (the "Term Sheet");

And Whereas the Resources Committee seeks authorization from the Board of Directors to execute on the next steps in the financing process;

And Whereas the Resources Committee will present a final Term Sheet and financing agreement for approval by the Board of Directors;

Be it resolved that the Board of Directors delegates authority to the Resources Committee to proceed with the financing process, under the following terms:

Upon a resolution approved by the majority of the members of the Resources Committee, any two of the President & CEO, the Executive Vice President, Finance (CFO) & Chief Operations Officer, the Co-Chair of the Resources Committee, and the Chair of the Board of Sinai Health System (collectively, the "Authorized Signatories") be authorized for and on behalf of SHS to proceed with and as required execute (whether under corporate seal or otherwise) and deliver any documents as any two of them in their discretion may consider necessary, desirable, or useful for the purpose of giving effect to the following:

1. Obtaining a definitive credit rating for SHS and the debentures from an authorized Credit Rating Agency;
2. Preparation and delivery of an offering memorandum and related documentation for the financing;
3. Design and document the investment management structure (committee/management team) to set up and manage a sinking fund reserve to service the financing;
4. Preparation of a final Term Sheet and financing agreements for approval by the Board of Directors.

5.0 BOARD COMMITTEE REPORTS

Omnibus Motion Emanating from Board Committee Reports

5.1 Audit and Risk Management Committee

The Report of the Audit and Risk Management Committee had been pre-circulated, a copy of which is appended to the original minutes. The Report was based on a meeting held on Thursday, January 28, 2016. The following resolutions were put forward and approved by the Board:

- ✓ Operations
 - Financial Statements for the Nine Months Ended December 31, 2015
 - **Whereas** the Audit and Risk Management Committee has reviewed the Financial Statements for the Nine Months Ended December 31, 2015, and recommends SHS Board approval;
 - **Be it resolved** that the Board of Directors of SHS accepts the recommendation of the Audit and Risk Management Committee, and accordingly approves the Financial Statements for the Nine Months Ended December 31, 2015.
- ✓ Audit Issues
 - F2016 Internal Audit Plan
 - **Whereas** the Audit and Risk Management Committee has discussed the F2016 Internal Audit Plan, as presented by KPMG, and recommends SHS Board approval;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Audit and Risk Management Committee, and accordingly approves the F2016 Internal Audit Plan, as presented.
 - External Audit - Planning Report
 - **Whereas** PwC LLP, the auditors and public accountants appointed by the Members to conduct the financial statement audit for SHS, has presented a plan for the audit that addresses the critical aspects of environmental, financial and organizational risk at a fee that is acceptable for the work described;
 - **And Whereas** the Audit and Risk Management Committee has reviewed the Fiscal 2016 Audit Plan for SHS, and recommends SHS Board approval;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Audit and Risk Management Committee, and accordingly approves the Fiscal 2016 Audit Plan for SHS, as presented.
- ✓ Risk Management Governance
 - Statutory Compliance Report
 - **Whereas** the Audit and Risk Management Committee has reviewed the F2015 Statutory Compliance Audit Report as presented by Management, and recommends SHS Board approval;
 - **Be it resolved** that the Board of Directors of SHS accepts the recommendation of the Audit and Risk Management Committee, and accordingly approves the F2015 Statutory Compliance Audit Report as presented.
 - Buildings and Property Subcommittee Risk Management Report
 - Phase 3A Risk Report
 - **Whereas** the Audit and Risk Management Committee has reviewed and approved the Risk Registry with respect to the Renew Sinai - Phase 3A Redevelopment Project: Register to Financial Close, including the underlying process to identify, assess, and monitor risks identified (the "**Risk Report**"), and recommends SHS Board approval of the Risk Report;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Audit and Risk Management Committee, and accordingly approves the Risk Report as presented.

5.2 Medical Advisory Committee

The Reports of the Medical Advisory Committee had been pre-circulated, copies of which are appended to the original minutes. The Reports were based on meetings held on Thursday, January 14, 2016 and Wednesday, February 3, 2016. The following resolution was put forward and approved by the Board:

- ✓ Medical Staff
 - **Whereas** the Medical Advisory Committee has completed a review of the changes to professional staff, new appointments and temporary privileges in accordance with the Professional Staff By-Law, and recommends SHS Board approval;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Medical Advisory Committee and accordingly approves the changes to professional staff, new

appointments and temporary privileges recommended by the Medical Advisory Committee in accordance with the Professional Staff By-Law.

5.3 Resources Committee

The Report of the Resources Committee had been pre-circulated, a copy of which is appended to the original minutes. The Report was based on a meeting held on Wednesday, January 27, 2016. The following resolutions were put forward and approved by the Board:

- ✓ Financing Subcommittee
 - SHS Financing Strategy – Status and Next Steps
 - **Motion #1:** *To approve the 'Indicative' Term Sheet.*
 - **Whereas** the Resources Committee has reviewed the material prepared by Management and KPMG LLP, related to the proposed financing structure that best meets the objectives of SHS;
 - **And Whereas** KPMG LLP has prepared an indicative Term Sheet dated January 20, 2016 based on market precedent that is representative of the indicative financing terms acceptable to SHS (the "**Term Sheet**");
 - **And Whereas** the Term Sheet proposes the issuance of non-amortizing debentures in a principal amount of [\$225] million for a term of up to 40 years by way of a broadly marketed private placement as detailed in the Term Sheet;
 - **And Whereas** the Resources Committee has reviewed the indicative Term Sheet, as presented, with the understanding that the execution of the final Term Sheet is subject to additional approval by the Resources Committee, and recommends SHS Board approval;
 - **Be it resolved** that the Board of Directors of SHS accepts the recommendation of the Resources Committee, and accordingly approves the indicative Term Sheet, as presented, with the understanding that the execution of the final Term Sheet is subject to additional approval by the Resources Committee.
 - **Motion #2:** *To request delegated authority for the Resources Committee to proceed with the financing, including obtaining a credit rating, preparation of an offering memorandum, develop/confirm the investment management structure to service the sinking fund related to the financing, and execution of related documents, and the preparation of a final Term Sheet for approval of the SHS Board of Directors.*
 - **Whereas** the Resources Committee has reviewed the material prepared by Management and KPMG LLP, related to the proposed financing structure that best meets the objectives of SHS;
 - **And Whereas** the Resources Committee has approved the indicative Term Sheet dated January 20, 2016 (the "**Term Sheet**");
 - **Be it resolved that** the Resources Committee recommends to the SHS Board of Directors that upon a resolution approved by the majority of the members of the Resources Committee, any two of the President & CEO, the Executive Vice President, Finance (CFO) & Chief Operations Officer, the Co-Chair of the Resources Committee, and the Chair of the Board of SHS (collectively, the "**Authorized Signatories**") be authorized for and on behalf of SHS to proceed with and as required execute (whether under corporate seal or otherwise) and deliver any documents as any two of them in their discretion may consider necessary, desirable, or useful for the purpose of giving effect to the following:
 - (1) Obtaining a definitive credit rating for SHS and the debentures from an authorized Credit Rating Agency;
 - (2) Preparation and delivery of an offering memorandum and related documentation for the financing;
 - (3) Design and document the investment management structure (committee/management team) to set up and manage a sinking fund reserve to service the financing;
 - (4) Preparation of a final Term Sheet and financing agreements for approval by the SHS Board of Directors.

- **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Resources Committee and accordingly approves that upon a resolution approved by the majority of the members of the Resources Committee, any two of the President & CEO, the Executive Vice President, Finance (CFO) & Chief Operations Officer, the Co-Chair of the Resources Committee, and the Chair of the Board of SHS (collectively, the "**Authorized Signatories**") be authorized for and on behalf of SHS to proceed with and as required execute (whether under corporate seal or otherwise) and deliver any documents as any two of them in their discretion may consider necessary, desirable, or useful for the purpose of giving effect to the following:
 - (1) Obtaining a definitive credit rating for SHS and the debentures from an authorized Credit Rating Agency;
 - (2) Preparation and delivery of an offering memorandum and related documentation for the financing;
 - (3) Design and document the investment management structure (committee/management team) to set up and manage a sinking fund reserve to service the financing;
 - (4) Preparation of a final Term Sheet and financing agreements for approval by the SHS Board of Directors.
- ✓ Operations
 - Annual Grant from BH for Debt Service
 - **Whereas** BH annually grants an amount to the Hospital to service the interest costs on the long-term capital loan;
 - **And Whereas** the Resources Committee recommends that the Board of Directors of SHS approve a grant from BH to SHS, at an amount up to \$897,000, to service interest payments on the long-term capital loan;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Resources Committee, and accordingly approves a grant from BH to SHS, at an amount up to \$897,000, to service interest payments on the long-term capital loan.
 - F2017 Community Accountability Planning Submission (CAPS)
 - **Whereas** the Resources Committee has reviewed the F2017 Community Accountability Planning Submission (CAPS), and recommends SHS Board approval;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Resources Committee, and accordingly approves the F2017 Community Accountability Planning Submission (CAPS).
- ✓ Capital
 - Report of the Buildings and Property Subcommittee
 - 90% Contract Document Project Cost
 - **Whereas** the Resources Committee has reviewed the 90% Contract Document Project Cost estimate submission to the Ministry of Health and Long-Term Care for the Renew Sinai – Phase 3A Redevelopment Project, and recommends SHS Board approval;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Resources Committee, and accordingly approves the 90% Contract Document Project Cost estimate submission to the Ministry of Health and Long-Term Care for the Renew Sinai – Phase 3A Redevelopment Project as presented.
 - Request for Qualification (RFQ) – Release Short-List Approval
 - **Whereas** the Resources Committee has reviewed the RFQ evaluation and recommendation for the pre-qualification short list for the Renew Sinai – Phase 3A Redevelopment Project, and recommends SHS Board approval;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Resources Committee, and accordingly approves the RFQ evaluation and recommendation for the following pre-qualification short list for the Renew Sinai – Phase 3A Redevelopment Project:
 - PCL Constructors Canada Inc.
 - Walsh Canada
 - EllisDon Capital Inc.
 - Bondfield Construction Company Limited

- Renew Sinai - Phase 3A - Enabling Works Request for Proposal (RFP) Release
 - **Whereas** the Resources Committee has reviewed the Enabling Works RFP documentation for the Renew Sinai - Phase 3A Redevelopment Project, and recommends the SHS Board approve release of that RFP to the market;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Resources Committee, and accordingly approves the Enabling Works for the Renew Sinai - Phase 3A Redevelopment Project to be released to the market.
- ✓ Subcommittee Reports
 - Information Technology (IT) Subcommittee
 - Information Services' Road Map 2016-2022
 - **Whereas** the Resources Committee has reviewed Information Services' 2016-2022 Road Map, and recommends SHS Board approval;
 - **Be it resolved that** the Board of Directors of SHS accepts the recommendation of the Resources Committee, and accordingly approves Information Services' 2016-2022 Road Map.
- ✓ Business Development Subcommittee
 - Centre for Fertility and Reproductive Health ("CFRH")
 - **Whereas** the Resources Committee has completed a review of the Capital Budget Purchase briefing note, and recommends SHS Board approval;
 - **Be it Resolved** that the Board of Directors of SHS accepts the recommendation of the Resources Committee, and accordingly approves the capital investment of (i) an investment of up to \$210,000 for Lab equipment, and (ii) an investment of up to \$48,000 for a new Hysteroscope, and (iii) the initiation of procurement of new ultrasound equipment, and hereby authorizes Management, in consultation with the CFRH Subcommittee Co-Chairs, to do and to perform or cause to be done or performed, any and all acts to execute this plan and any non-material adjustments and/or alternatives to same.
 - Transfer and Sale of Business/ Assets from SHS
 - **Whereas:**
 - A. At the direction of the Business Development Subcommittee, Management of SHS considered the desirability of transferring certain ancillary business assets / operations of SHS to the Sinai Health System Foundation (the "Foundation") or The Sinai Trust (the "Trust");
 - B. Management has completed a preliminary review of the issues involved in completing such transfers, including by considering the financial, legal, tax, human resources, reputational and business environment issues associated with each such transfer from the perspective of the Hospital and the Foundation and/or the Trust;
 - C. Based on such preliminary review, Management has identified certain ancillary business assets / operations of the Hospital that are suitable for potential transfer, namely:
 - (i) the shares in Inception Biosciences Inc.;
 - (ii) the Clinician Management and Reappointment System ("CMaRS") business;
 - (iii) the SHS event management business; and
 - (iv) the Second Cup franchise;
 (collectively, the "Ancillary Businesses"); and
 - D. Management has suggested that it will have completed its due diligence in respect of the fair market valuation of the Ancillary Businesses and the transfer of the Ancillary Businesses by February 29, 2016 and that, assuming such due diligence does not reveal any additional material risks or material disadvantages to the Hospital, the Trust or the Foundation, as the case may be, it will be in a position to begin the process of transferring the Ancillary Businesses shortly thereafter and prior to March 31, 2016 (recognizing that where third party consents are required, it may take some time to complete the transfer);
 - **NOW THEREFORE BE IT RESOLVED that:**
 - Subject to:**
 - (a) the completion by Management of the requisite business case and fair market valuation in respect of the Ancillary Businesses and the review and approval of same by the Business Development Subcommittee;

- (b) the completion by Management of all necessary legal and regulatory due diligence and such other due diligence, as required, and its confirmation that the transfer of the Ancillary Business will not create any additional material risks or material disadvantages to the Hospital; and
 - (c) the receipt of all material third party consents required to complete the transfer of such Ancillary Business (including the consents of the Trust or the Foundation),
- the SHS Board of Directors approves the following:
1. the transfer of each Ancillary Business to the Trust or the Foundation, as the case may be, as such business case has been approved and presented to the Business Development Subcommittee, including any non-material adjustments and/or alternatives to that business case;
 2. the Hospital is authorized to enter into such transfer agreements, service agreements, leases and licences and other agreements as are required to effect the transfer and the continued operations of the Ancillary Businesses (collectively, the "Agreements") and any director or officer of the Hospital is authorized to execute and deliver such agreements for and on behalf of the Hospital; and
 3. any director or officer is authorized to do whatever is, in that person's opinion, necessary or desirable to carry out the transactions contemplated in the Agreements including the seeking of any necessary third party consents and the execution and delivery of any other documents or agreements, whether under the seal of the Hospital or otherwise.

6.0 IN-CAMERA WITH PRESIDENT & CEO AND GENERAL COUNSEL

The Board met in-camera with the President & CEO and General Counsel.

7.0 IN-CAMERA WITHOUT PRESIDENT & CEO AND GENERAL COUNSEL

The Board met in-camera without the President & CEO and General Counsel.

8.0 OTHER BUSINESS

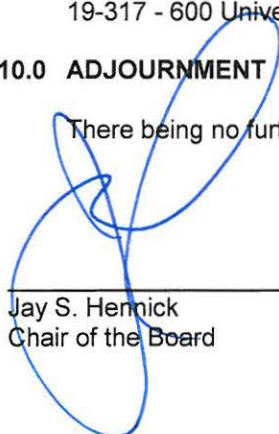
No other business was brought forward.

9.0 DATE OF NEXT MEETING

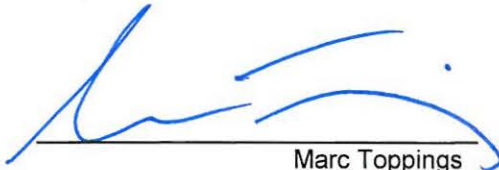
Wednesday, April 20, 2016
4:00 – 6:00 pm
MSH Executive Board Room
19-317 - 600 University Avenue, Toronto, ON

10.0 ADJOURNMENT

There being no further business, the meeting adjourned at 6:00 p.m.



Jay S. Hennick
Chair of the Board



Marc Toppings
Corporate Secretary

