Resolution to Approve the Transaction Related to the Change of Ownership of the School of Nursing’s LIFE Program and Academic Affiliation Agreement

Intention:

Since 1998, the University of Pennsylvania School of Nursing (SON) has operated Living Independently for Elders (LIFE), a federal Program of All-inclusive Care for the Elderly (PACE) that currently serves approximately 433 frail, elderly nursing home eligible participants in 13 zip code areas in West Philadelphia and the surrounding communities (the Service Area). Since its inception, LIFE has been an important component of the education, research and practice missions of SON. Presently, LIFE is at an important crossroads. While LIFE’s financial performance is now stable and it continues to provide quality care for LIFE members and their families, the regulatory and reimbursement environments are evolving in ways that will require change for LIFE to remain viable in the long-term, including significant expansion of LIFE’s census and corresponding investments in personnel, physical plants and risk reserves to support that growth.

After careful study SON Leadership and the LIFE Executive Committee believe that LIFE’s mission and future viability are best achieved through a strategic partnership with another qualified PACE organization that assumes the operational and financial responsibility of LIFE while enabling the Trustees of the University of Pennsylvania (Trustees or University) and SON to remain committed to LIFE, to West Philadelphia and to the core values and missions of SON through a strong academic affiliation. In particular the alternative structure proposed is built on a change in ownership/sale of tangible and non-tangible assets of LIFE, linked to a long term academic affiliation agreement with SON that protects and enhances issues of access that have made LIFE an integral component of SON’s tri-partite missions (the Transaction). The overarching goals of the Transaction are to promote continuity of care and program excellence to serve existing and future LIFE participants, support employment opportunities for current LIFE staff and West Philadelphia residents, and continue nurse-led practice, teaching and research linkages to SON and the University which have distinguished LIFE.

With respect to the Transaction, several prospective bidders responded to a Confidential Information Memorandum and proposed Letter of Intent. Following a careful selection process one of the nation’s leading PACE providers, Trinity Health PACE (THP), was selected and a non-binding Letter of Intent is in the process of being executed. The Trustees and THP will conduct due diligence and negotiate the definitive terms of the Transaction and if the findings during the due diligence process are satisfactory, the parties intend to execute the final asset purchase agreement, academic affiliation agreement, and all necessary or appropriate ancillary and related documents, instruments, and certificates with respect to the Transaction on or about August 31, 2015. Thereafter, there will be a period to allow for completion of regulatory matters with the goal of closing the Transaction on or about October 31, 2015.

As part of the Transaction THP intends to offer comparable employment to all current qualified LIFE employees and will use its best efforts to maintain a minimum of 40% of the employees to be residents of West Philadelphia. THP will continue to provide PACE services to the residents
of West Philadelphia and the Service Area. LIFE will serve as a site in support of the teaching, research and practice missions of SON. Subject to regulatory and economic feasibility, the LIFE program will also continue to be a nurse-care-led enterprise. SON will also maintain a role in governance of THP’s LIFE program. As part of the Transaction THP will pay the Trustees certain funds to acquire certain assets of LIFE and will assume agreements necessary for THP to carry out its obligations, including the existing property lease, and will also contract with the University for outsourced services with regards to transitional services.

SON Leadership and the SON LIFE Executive Committee have recommended to the Trustees the approval of the Transaction as contemplated by these resolutions.

RESOLVED, that the Trustees approve and authorize the Transaction described in the foregoing Intention and as presented to the LIFE Executive Committee and the Trustees’ Executive Committee.

FURTHER RESOLVED, that the Trustees hereby delegate authority to the Executive Vice President of the University or his designee, or other appropriate officers of the University, to take such action, and to approve and execute such documents, instruments and agreements on behalf of LIFE and the Trustees as may in their judgment be necessary, desirable or appropriate to effectuate and implement the Transaction contemplated in the foregoing resolution substantially within the parameters described therein; provided that any changes such designee or officer deems advisable, necessary or appropriate in order to effectuate such Transaction be made with the express concurrence of the Executive Vice President.

FURTHER RESOLVED, that the Trustees further delegate authority to the Executive Vice President or his designee, or other appropriate officers of the University, or SON Leadership to file and obtain such applicable governmental or regulatory approvals, if necessary or appropriate, in order to secure all approvals, consents, licenses, permits and the like necessary to consummate the Transaction.

FURTHER RESOLVED, that any and all actions heretofore taken by the Trustees, SON and LIFE with regard to any and all instruments, documents or agreements made or delivered prior to the date hereof in connection with the foregoing resolutions are adopted, ratified and confirmed in all respects.