



**MEMORANDUM OF UNDERSTANDING
REGARDING THE COMBINATION OF
THE UNIVERSITY OF TOLEDO
AND
MEDICAL UNIVERSITY OF OHIO AT TOLEDO**

On December 6, 2005, the boards of trustees of The University of Toledo, a state institution of higher education, and the Medical University of Ohio at Toledo, a state institution of higher education and academic medical center, adopted resolutions approving in concept the combination of the two institutions and directing their respective presidents to develop for consideration and action by those boards appropriate terms and conditions for the combination.

I. PURPOSE OF THIS MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding is entered into by the President of The University of Toledo and by the President of the Medical University of Ohio at Toledo to provide a framework for the combination of the two institutions. This Memorandum of Understanding is non-binding and is subject to approval by the respective boards of trustees of each institution.

II. NAME OF THE UNIVERSITY RESULTING FROM COMBINATION

The proposed name of the new University, which will result from the combination of The University of Toledo and the Medical University of Ohio at Toledo, will be The University of Toledo (hereinafter referred to as The University).

The portion of The University's campus now known as the Medical University of Ohio at Toledo will be known by a name such as the "Medical University of Ohio: The Health Campus of the University of Toledo," as determined by the board of trustees of The University upon the recommendation of the President.

III. PURPOSE AND EFFECT OF COMBINATION

The purposes of combining The University of Toledo and the Medical University of Ohio at Toledo include achieving greatness as one university; achieving efficiencies in operations through rationalization of overhead, better absorption of fixed costs, improved purchasing leverage and other economies of scale; improving the institutions' ability to

recruit faculty and students; and achieving greater national visibility for the quality and quantity of scholarly research underway at both institutions than can be achieved as separate institutions. The combination will also enhance collaborative efforts, such as the science and technology corridor.

When the combination becomes effective on July 1, 2006, upon approval by the Ohio General Assembly, it will have the following effects on The University as the university resulting from the combination and The University of Toledo and the Medical University of Ohio at Toledo as the constituent universities to the combination:

- The separate existence of each of the constituent universities will cease, but the existence of each of the constituent universities will continue for all purposes on a combined basis as The University, and the combination will not cause either of the constituent universities to be extinguished, terminated, dissolved or liquidated, and will not constitute a sale, assignment, conveyance, disposition or transfer of any of the assets or rights of either of the constituent universities;
- The University will possess all assets, property, rights, privileges, immunities, powers, franchises, and authority of the constituent universities, and all such assets, property, rights, privileges, immunities, powers, franchises, and authority will vest in The University without further act or deed; and
- The University will be liable for all the obligations of each of the constituent universities, and all rights of creditors of each of the constituent universities will be preserved unimpaired.

IV. PRINCIPLES GOVERNING THE COMBINATION PROCESS

The constituent universities will approach the combination as "equals." Neither desires nor intends to have any particular advantage in the process. Every effort will be made to achieve balance in the approach, the process, and the outcomes, consistent with the purposes of the combination.

V. GOVERNING BOARD OF THE UNIVERSITY

The proposed governing board of The University will initially consist of all of the current board members of both universities for terms consistent with their terms of office as trustees of the constituent universities. For the first year of the combination, a new trustee will be appointed by the Governor upon the advice and consent of the Senate, to a term of nine years beginning July 1. Over time, the number of trustees of The University will be reduced to 11 trustees, of whom two will be student trustees.

VI. STUDENT TRUSTEES

The currently appointed student trustees of The University of Toledo will serve as trustees of The University through a term of office consistent with their previously established terms. New student trustees will be appointed from a group of six candidates selected pursuant to a procedure adopted by The University's student government organizations and approved by The University's board. The group of candidates will include students from both campuses.

The student members of the board of trustees of The University will have no voting power on the board. Student members will not be considered as members of the board in determining whether a quorum is present. Student trustees will not be entitled to attend executive sessions of the board.

VII. BOARD MEETINGS AND GOVERNANCE

The board of trustees of The University will hold an organizational meeting promptly after the effective date of the combination. The initial chairman of the board of trustees of The University (as provided in Section VIII below) will be selected from those members on the board of The University who were previously trustees of The University of Toledo.

The board of The University will adopt bylaws providing that a majority of the authorized number of trustees, when duly convened, will constitute a quorum to transact business, and the affirmative vote of a majority of the trustees present will be sufficient to adopt any motion or resolution, except that, for a period of three years after the effective date of the combination, the affirmative vote of two-thirds of the trustees then in office will be required to: change the ownership structure of the hospital, divest or close any major operating unit such as a college, school or department or amend or repeal any bylaw of the board.

A record will be kept of proceedings of the board of trustees of The University, which will be open for public inspection.

VIII. OFFICERS OF THE BOARD

The board of The University will annually elect from its members a chairman and a vice-chairman; and they may also appoint a secretary of the board, and such other officers of the board as the interests of The University requires, who may be members of the board.

IX. POWERS AND DUTIES OF THE BOARD

The board of trustees of The University will employ, fix the compensation of, and remove

the President and such numbers of professors, teachers, and other employees as may be deemed necessary. The board of trustees will do all things necessary for the creation, proper maintenance, and successful and continuous operation of the University, and from time to time adopt and amend rules and regulations for the government and conduct of The University. The board of trustees may accept donations of lands and moneys for the purposes of The University.

The board of trustees of The University may receive and hold in trust, for the use and benefit of The University, any grant or devise of land, and any donation or bequest of money or other personal property, to be applied to the general or special use of The University, unless otherwise directed in the donation or bequest. The board of trustees of The University may make and enter into all contracts and agreements necessary or incidental to the operation of The University.

Title to any property taken in the name of the State of Ohio for the benefit of The University of Toledo, the Board of Trustees of The University of Toledo, the Medical College of Ohio, or the Toledo State College of Medicine will be deemed to have been taken in the name of the board of trustees of The University.

X. FOUNDATIONS

The existing foundations will continue as they are as of the effective date of the combination; provided that the board of The University may recommend, by the affirmative vote of two-thirds of the trustees then in office, action to further the purposes of this combination. New foundations may be established in common to meet future needs.

XI. SUPPORT

The Ohio General Assembly will support The University by such sums and in such manner as it may provide, but support may also come from other sources.

Unexpended state operating funds and unexpended state capital funding previously appropriated for the constituent universities will be allocated to The University.

XII. TRANSITION PLAN

A transition plan will be prepared for use in implementing the various actions required for an effective combination. This will involve the boards of both institutions, administration, faculty and other appropriate constituents. The transition plan will include but not be limited to a review of each institution's programs, benefits, policies, regulations and rules with a view toward the fullest practical integration. The plan will also identify the additional investments and other costs to achieve full integration, such as information

technology systems, public information programs, employee rationalization, programmatic upgrades and the sources of funding, including appropriations by the legislature to cover certain costs of transition.

XIII. HOSPITAL RESERVES

Medical University of Ohio at Toledo's cash and investments held as reserves as of the effective date of the combination will be separately maintained for a period of five years to be available to support operations of the hospital and to pay debt service on obligations issued by the Medical University of Ohio at Toledo prior to the combination in the event that expenses of the hospital exceed its revenues during this five year period.

XIV. RESEARCH AND INDIRECT COST RECOVERY

So as not to disrupt ongoing research activities and funding, for the first three years after combination, and except for creative collaborative research programs between components of the University or for funding of the infrastructure of Research and Grants offices, all overhead funds from research and external funding received or promised prior to the combination and for the first three years after the combination will be assigned to the component of The University constituting the constituent university that generated the research or projects. Overhead funds from ongoing grants received prior to the combination that are moved to the Health Campus will be retained by that component of The University consisting of The University of Toledo prior to the combination, unless otherwise negotiated. The general policy stated herein may be modified by two-thirds vote of the board of trustees in special circumstances.

XV. COLLECTIVE BARGAINING UNITS

Employee rights to representation and the structure of the current collective bargaining units will be determined in accordance with Ohio Revised Code 4117 and applicable Ohio Administrative Code rules of the State Employment Relations Board. The University will support the Colleges at the Medical University of Ohio at Toledo as separate communities of interest after the combination to the extent consistent with the purposes of the combination.

XVI. PRESIDENTIAL SUCCESSION

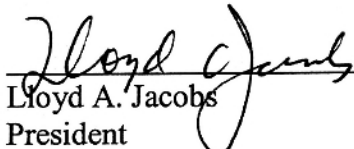
Dr. Lloyd A. Jacobs will be appointed President of The University by the board for a term of five years, effective July 1, 2006, subject to usual and customary performance expectations and termination clauses.

XVII. MANAGEMENT TEAM

The President of The University, in consultation with the board of trustees, will select a management team which will be suited to the accomplishment of the mission of The University, with due consideration being given to personnel from both of the existing institutions.

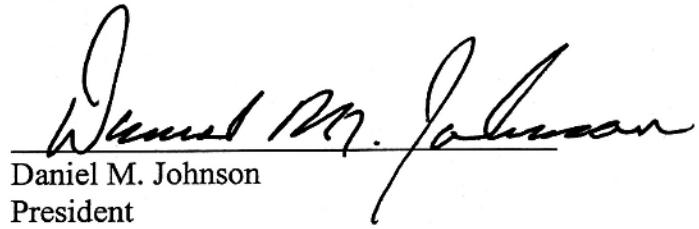
XVIII. REQUEST FOR ENABLING LEGISLATION

The board of trustees of The University of Toledo and the board of trustees of the Medical University of Ohio at Toledo will respectfully request the Ohio General Assembly to repeal all existing legislation creating the two constituent universities and replace them with a new chapter of the Ohio Revised Code creating the combined university in accordance with relevant provisions of this Memorandum of Understanding. The University will duly adopt and file administrative rules of The University pursuant to the Electronic Filings Act.



Lloyd A. Jacobs
President
Medical University of Ohio at Toledo

Date: 12/16/05



Daniel M. Johnson
President
The University of Toledo

Date: Dec 16, 2005