

THIS AGREEMENT made as of the 21st day of May, 2009,

BETWEEN:

PERTH AND SMITHS FALLS DISTRICT HOSPITAL,
a corporation incorporated under the laws of Ontario,

(hereinafter referred to as "the Hospital")

OF THE FIRST PART;

- and -

TODD STEPANUIK, of the Province of Ontario,

(hereinafter referred to as the "President and Chief
Executive Officer")

OF THE SECOND PART.

WHEREAS the Hospital desires to enter into a contract for the services of the President and Chief Executive Officer to perform the services of an Administrator, as that term is defined in the *Public Hospitals Act* (Ontario), the *Long Term Care Act* (Ontario) and the Hospital's By-Laws, and the President and Chief Executive Officer desires to perform the services of the Administrator of the Hospital;

IN CONSIDERATION OF the mutual covenants that follow, this Agreement witnesses that the parties have agreed that the terms and conditions of the relationship shall be as follows:

1. Services to be Provided

The President and Chief Executive Officer shall perform all duties and services as may be required of an Administrator and shall be obligated to perform his duties in compliance with the provisions of the *Public Hospitals Act* (Ontario), the *Long-Term Care Act* (Ontario) and the By-Laws of the Hospital. The parties specifically agree that the duties shall be set out in the form of a job description and may be subject to review and change with additional duties or fewer duties as may be agreed to by the parties.

2. President and Chief Executive Officer's Powers

The President and Chief Executive Officer shall have, subject to the general or specific instructions and directions of the Board of Trustees of the Hospital, full power and authority to manage and direct the operational business and affairs of the Hospital, including power and authority to enter into contracts, engagements or commitments relating to the Hospital's operations of every nature or kind in the name of and on behalf of the Hospital and to engage and employ and to dismiss all managers and other employees and agents of the Hospital.

3. Term

- (a) The term of this Agreement shall commence the 1st day of April, 2009 and shall continue for a period of four years to the 31st day of March, 2013, unless terminated in accordance with the provisions of this Agreement as set out herein.
- (b) The Board of Directors shall, not later than April 1, 2012, advise the President and Chief Executive Officer if it wishes to renew the contract after March 31, 2013.
- (e) In the event that the President and Chief Executive Officer continues to provide services after the date of expiry of this Agreement, it is deemed that such services are provided on a month to month basis pursuant to the terms of this Agreement. Salary, vacation and benefits will be pro-rated accordingly. The expiry date of the contract as set out above will also be extended month to month.

4. Compensation

- (a) It is the parties' intention that there shall be an annual performance and salary review based upon established and agreed upon objectives as between the President and Chief Executive Officer and the Board as established on or before the first anniversary date of this Agreement with such performance review undertaken by the Governance Committee of the Board.
- (b) Commencing April 1, 2009, the President and Chief Executive Officer shall receive an annual salary of One Hundred and Ninety Seven Thousand, Four Hundred and Fifteen (\$197,415.00) Dollars. Effective April 1, 2010 the President & CEO will receive a 1.5% increase to base compensation (salary). Therefore, effective April 1, 2010 the President & CEO shall receive an annual salary of Two Hundred Thousand Three Hundred Seventy Six (\$200,376.00). For subsequent years (April 2011, and April 2012) the annual compensation (salary) payable to the President and CEO, effective April, will be negotiated. Negotiations will commence in January of each year.

5. Benefits and Related Policies

- (a) Reimbursement of Expenses

The Hospital will reimburse the President and Chief Executive Officer for any expenses in connection with duties under this Agreement provided that the President and Chief Executive Officer gives the Hospital an itemized written account and receipts acceptable to the Hospital within thirty (30) days after they have been incurred. Monthly accounts shall be approved in writing by the Chair of the Hospital's Board of Directors. The President and Chief Executive Officer will not be reimbursed for any single item in excess of One Thousand (\$1,000.00) Dollars unless approved in advance by the Chair of the Board of

Directors.

(b) Vacation

The President and Chief Executive Officer is entitled to six (6) weeks' vacation per year. Vacation time, to a maximum of four (4) weeks in any contract year, may be carried over into the subsequent year after the year in which it is earned, only if agreed to in writing by the Chair of the Board of Directors.

For purposes of vacation, the year is from April 1 to March 31

(c) Lease

The Hospital shall provide the President and Chief Executive Officer with an automobile for use in connection with the performance of his duties. The Executive acknowledges that may be a taxable benefit. The annual lease cost of the vehicle shall not exceed \$700 per month including taxes.

(d) Professional Dues and Memberships

The Hospital will honour membership fees for professional memberships such as CCHSE and organizations or associations as may be chosen by the President and Chief Executive Officer, to a maximum of three (3) such memberships.

(e) Professional Development

The President and Chief Executive Officer will be permitted to be absent from the organization to attend professional meetings and to attend to such outside professional duties as have been mutually agreed to by the President and Chief Executive Officer and the Board. Attendance at such meetings and accomplishment of approved professional duties shall not be considered vacation time. The Board shall reimburse the President and Chief Executive Officer for any and all reasonable expenses incurred by him for such.

In addition to the above-mentioned meetings, the Board agrees to incur any and all reasonable costs associated with the President and Chief Executive Officer attending the Canadian Hospital Association/Canadian College of Health Service Executives annual conference, the American College of Health Service Executives annual congress, as well as two other health care-related conferences of national or international (U.S.) status at the discretion of the President and Chief Executive Officer.

6. Service

- (a) The President and Chief Executive Officer shall devote full time and attention to the business of the Hospital and shall not, without the consent in writing of the Board, undertake any other business or occupation or become a Director, Officer, Executive or agent of any other company, firm or individual.

- (b) The President and Chief Executive Officer shall not, either during the term of this Agreement, or any time thereafter, disclose in any way any information concerning the business affairs of the Hospital which the President and Chief Executive Officer may have acquired in the course of, or incidental to, his relationship with the Hospital. The exception to this is the disclosure of information necessary to conduct the business of the Hospital.

7. Termination

The parties understand and agree that this Agreement may be terminated in the following manner in the specified circumstances:

- (a) By the President and Chief Executive Officer, at any time, for any reason on the giving of three (3) months' written notice to the Hospital. The Hospital may waive notice, in whole or in part;
- (b) The Board, in its absolute discretion, without notice and without pay in lieu of notice for any cause which would entitle the Hospital at law to terminate the services of the President and Chief Executive Officer without either notice or pay in lieu of notice;
- (c) Where if the Hospital breaches paragraph 1 of the Agreement, the President and Chief Executive Officer may terminate his employment at his discretion. In such an event, the Hospital shall continue to pay the current salary and benefits for the month in which notice was given by the President and Chief Executive Officer and continue to pay the President and Chief Executive Officer's current salary as well as maintain any and all benefits for the remainder of the contract term, or for a period of two (2) years, whichever is greater. In addition, Section 8 is applicable.
- (d) By the Board, for any reason other than cause. All rights, duties and obligations of all parties shall cease, except that the Hospital shall continue to pay the salary for the remainder of the month in which duties were terminated and for the remainder of the contract period or for twenty-four (24) consecutive months, whichever is greater, provided that:
 - (i) the salary and benefits are inclusive of any entitlements to notice and/or severance pay under the *Employment Standards Act* or equivalent legislation;
 - (ii) the date of termination for pension purposes shall be the date on which the twenty-four (24) month salary (or the remainder of the contract period per clause 7 (d) whichever is greater) continuation cease;
 - (iii) benefits to be paid during the notice period include:
 - a) health and dental benefits, including out-of-country coverage, to the attained age of sixty-five (65);

- b) life insurance during the statutory period as specified under ESA;
 - c) short and long term disability benefits will cease. However, the Hospital will pay to the President and Chief Executive Officer, for the notice period, whatever monies it would have paid for LTD premiums had his employment continued.
- (iv) If notice is paid to the President and Chief Executive Officer, there shall be no vacation payable for that time.
 - (v) Giving notice or the payment of any amount by the Hospital to the President and Chief Executive Officer's employment shall not prevent the Hospital from alleging cause for termination.
 - (vi) In the event of integration or regionalization or merger, and/or dissolution of the Perth and Smiths Falls District Hospital, or where he believes the conditions of employment or his responsibilities are materially different from those under this Agreement and job description, the President and Chief Executive Officer may terminate his employment at his discretion. In such an event, Section 8 and Sections 7(c) and (d) applies.

8. Relocation and Employment Counselling

In the event of termination without cause, the Hospital agrees to incur any and all costs associated with providing the President and Chief Executive Officer employment counselling and executive search/outplacement firm services for a maximum of twelve (12) months, to a maximum value of Twenty Thousand (\$20,000.00) Dollars or until the President and Chief Executive Officer secures alternate employment on a full-time basis.

9. Notice

Any notice or communication to be made or given hereunder shall be in writing and may be made or given by personal delivery or by courier addressed to the respective parties as follows, if to:

(a) the Hospital: Perth and Smiths Falls District Hospital
60 Cornelia Street West
Smiths Falls, Ontario K7A 2H9
Attn: Board Chair

(b) the President and Chief Executive Officer:

Todd Stepanuik
Perth and Smiths Falls District Hospital
60 Cornelia Street West
Smiths Falls, Ontario K7A 2H9

or to such other address notified by one party to the other in accordance with the provisions of this Section. Any such notice or communication given by personal service

or by fax in accordance with the provisions of this Section shall be deemed to have been received by or given to the addressee on the date of delivery or transmission. Any such notice or communication mailed as aforesaid shall be deemed to have been received by and given to the addressee on the third business day following the date of mailing, provided that for such purposes no day during which there shall be a strike or other occurrence which shall interfere with normal mail service to either of the parties shall be considered to be a business day.

10. Entire Agreement

This Agreement, as amended and restated, constitutes the entire agreement between the parties with respect to all of the matters herein and its execution has not been induced by, nor do any of the parties rely upon or regard as material, any representations or writings whatever not incorporated herein and made a part hereof and may not be amended or modified in any respect except by written instrument signed by the parties hereto.

11. Successors and Assigns

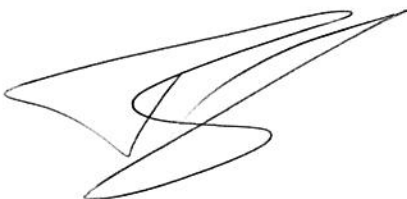
Neither party to this Agreement shall be entitled to assign its rights or obligations thereunder without the prior written consent of the other party. This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns.

12. Further Assurances

Each of the parties covenants and agrees to sign such further agreements, assurances, papers and documents which shall be prepared by the solicitors for the Hospital, and generally do and perform or cause to be done or performed such further and other acts and things that may be necessary or desirable from time to time in order to give full effect to this Agreement and every part thereof.

13. Governing Law

This Agreement shall be governed by the laws of Canada to the extent they apply and by the laws of the Province of Ontario.



10/25/11