

THIS AGREEMENT BETWEEN:

FOUR COUNTIES HEALTH SERVICES

(Hereinafter referred to as "Four Counties")

- and -

STRATHROY MIDDLESEX GENERAL HOSPITAL

(Hereinafter referred to as "Strathroy")

- and -

TODD STEPANUIK

(Hereinafter referred to as "the CEO")

WHEREAS Four Counties and Strathroy are independently owned and governed health care organizations owning facilities and equipment, which deliver hospital and health related health services to individuals in the surrounding area;

AND WHEREAS Four Counties and Strathroy have formed the Middlesex Hospital Alliance (hereinafter referred to as the "MHA") which has been delegated certain powers by Four Counties and Strathroy;

It is agreed that:

1. TERMS OF EMPLOYMENT

The CEO will commence full-time employment at the MHA in the capacity of President and Chief Executive Officer (CEO) of both hospitals on April 22, 2013 and shall continue until terminated in accordance with this Agreement.

2. DUTIES AND RESPONSIBILITIES

- (a) The CEO shall perform, to the best of his ability, the responsibilities of the position as set out in the job description, tasks requested by the Board, and duties required by the Employer's policies, procedures, rules, and regulations.

- (b) The CEO will participate in continuing education programs and professional development seminars. These activities will be approved by the Chair of the MHA Board, in advance, and be within the Education Budget. It is understood that the CEO will be absent from time to time to attend professional development sessions. Attendance at such shall not be considered vacation time.
- (c) The CEO shall devote his full time and attention to the business of the hospitals and shall not, without the consent in writing of the Chair of the MHA Board:
 - i) undertake any other business or occupation; or
 - ii) become a director, officer, or executive of any other company or organization; or
 - iii) become an agent for any company, organization, or individual.
- (d) MHA agrees not to substantially alter the responsibilities of the position without the written consent of the CEO.
- (e) The CEO shall have the full authority to manage the operational business of the hospitals.
- (f) The Employer shall make available suitable technology at work and reimburse the Employee for at-home connections, and a communication device to assist the Employee in discharging the Employee's duties.

3. REMUNERATION

- (a) The fixed salary for the CEO's services shall be at the rate of \$181,012.26 per year, payable in bi-weekly instalments.
- (b) There will be a deduction of 2%, or as is decided according to provincial legislation, out of every salary installment pursuant to the Excellent Care for All Act and subject to compliance with the BPSAA. The CEO is entitled to a payment of all or part of this as performance pay based on achievement of the performance improvement targets set out in the hospital's annual quality improvement plan.

This performance pay will be included in the CEO's Healthcare of Ontario Pension Plan ("HOOP") pensionable earnings if permitted under the terms of the Plan.

- (c) The Board's decision to deduct or pay a performance incentive payment pursuant to paragraph (b) above, as may be applicable, does not result in an adjustment to the future base salary payable to the CEO.
- (d) The CEO will be eligible participate in the benefits outlined in the Strathroy Middlesex General Hospital Benefits Package. The MHA will waive the usual enrollment waiting periods for the Employee, provided that the carrier will agree. The CEO shall be eligible to participate in the Hospitals of Ontario Pension Plan (HOOPP) on the same basis as available to senior management employees of the Hospital.
- (e) In the event of an illness or injury resulting in an inability to perform the duties of the CEO position, the CEO will be compensated for the first thirty weeks at the CEO's then existing rate of compensation. The inability must be supported by appropriate medical documentation.
- (f) The CEO will be reimbursed for all business related travel pursuant to the Travel Expenses Policy for all employees.

4. PERFORMANCE REVIEW AND SALARY INCREASE

- (a) The performance of the CEO will be reviewed annually by the MHA Board on or about March 1, starting March 1, 2014. The CEO acknowledges that it is his obligation to ensure that this review is placed on the MHA Board agenda.
- (b) At the time of signing this contract all increases in compensation are prohibited under the Broader Public Sector Accountability Act. In the event that compensation increases are allowed during the term of this contract the MHA Board will consider an increase for the CEO taking into consideration his performance and the compensation levels of other CEOs of comparable hospitals in Ontario.
- (c) Any increase in salary will not be effective unless it is in writing and signed by the MHA Board Chair.
- (d) Within six months from the date of this contract the Board Chair or the Governance Committee of the Board will meet with the CEO to review his performance. It is understood that this will not be a full performance appraisal as contemplated in paragraph (a) above.

5. VACATION

- (a) The CEO is entitled to 6 weeks of annual vacation time.
- (b) Vacation will be at times agreed between the CEO and the Chair of the MHA Board. The CEO and the Chair of the MHA Board will agree to times that ensure the efficient operation of the hospitals.
- (c) The CEO will be allowed to carry forward any unused vacation into the next calendar year upon the written agreement of the Chair of the MHA Board.

6. MEMBERSHIP FEES

Strathroy and Four Counties will honour fees for professional memberships and membership in organizations or associations as may be chosen by the CEO and the Chair of the MHA Board. There will be a maximum of three memberships.

7. TERMINATION

- (a) The employment of the CEO may be terminated in the following manner:
 - (i) by the CEO, at any time, for any reason, on giving three months notice to the Chair of the MHA Board. The MHA Board may waive notice, in whole or in part.
 - (ii) by the MHA Board, without any payment or benefit coverage, for acts and/or omissions that would amount to just cause under Ontario law.
 - (iii) by the MHA Board, in its absolute discretion, by paying to the CEO a lump sum of salary and/or salary continuance, less appropriate deductions. This amount will be 9 months if terminated during the first year and 12 months in the second year. After the second year this amount will increase by one month for each full year of employment to a maximum of 24 months.
 - (iv) the salary and benefits are inclusive of any entitlement to notice and/or severance under the *Employment Standards Act* or equivalent legislation;
- (b) If the employment of the CEO is terminated by the hospital, without cause, then:

- (i) benefits will be continued in the period set out in paragraph 7(a)(iii) but shall not include short term disability payments and those benefits which the insurance companies providing the benefits refuse to extend to the CEO.
- (ii) if the CEO is over the age of 60 when terminated, without cause, his benefits will remain in place until he reaches 65 years of age. MHA will pay 50% of the benefit premiums. This payment will cease if the CEO becomes entitled to a benefits package from another organization that is substantially equal to the Strathroy Middlesex Hospital Benefits Package at the time of termination.
- (c) If the CEO should retire, and is over the age of 60, his benefits will remain in place until he reaches 65 years of age or until terminated by the benefit carrier, whichever comes first. MHA will pay 100% of the benefit premiums. This payment will cease if the CEO becomes employed and is entitled to a benefits package from another organization that is substantially equal to the Strathroy Middlesex General Hospital Benefits Package at the time of termination.
- (d) Only a vote of a majority of the MHA Board can terminate the CEO's employment.
- (e) In the event of a change in the operation of the hospitals that that materially changes the terms of employment of the CEO, the CEO may terminate his employment and clause 7(a iii) applies.

8. INDEPENDENT LEGAL ADVICE

The Hospital agrees to pay \$1,000.00 of the legal fees incurred by the CEO to have the contract of employment reviewed by a legal advisor of his choice.

9. OTHER TERMS

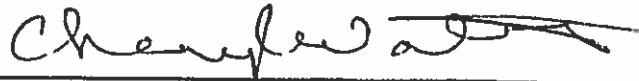
- (a) It is the responsibility of the CEO to ensure that any payment to him is in compliance with all applicable legislation. The CEO shall reimburse the hospital for any expense that it may have as a result of non-compliance.
- (b) The terms of this Agreement may be amended at any time by mutual agreement in writing signed by the CEO and the Chair of the MHA Board.

- (c) If any part of the Agreement is deemed void by a court or arbitrator, the remaining parts will remain in force.
- (d) This Agreement shall be binding upon and inure to the benefit of Strathroy and Four Counties, its successors and assigns, and shall be binding upon the CEO, his heirs, trustees, and assigns.
- (e) This Agreement shall be construed in accordance with the laws of Ontario.
- (f) The parties can waive any obligation in this Agreement. This waiver has no impact on any obligation at any other time.
- (g) Any dispute between the parties may be referred to a single arbitrator in accordance with the Arbitration Act.
- (h) Any notice to be given to the CEO shall be delivered to his personally or sent by registered mail to his address last known to the MHA.
- (i) Any notice to be given to Strathroy and Four Counties shall be mailed by registered mail to the Chair of the MHA Board at the address last known to the CEO or delivered personally to the Chair of the MHA Board.

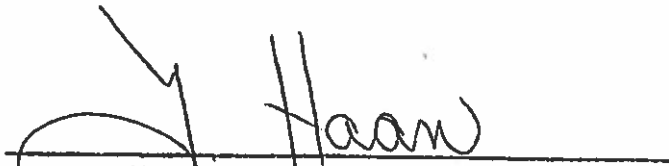
Signed April 3, 2013.

THE MIDDLESEX HOSPITAL ALLIANCE

Per:



Chair of the Board of MHA


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TODD STEPANUK
WITNESS