

EMPLOYMENT CONTRACT
THIS AGREEMENT is made this 3rd day of August 2018

BETWEEN:

GRAND RIVER HOSPITAL

(herein called the “**Employer**”)

OF THE FIRST PART

- and -

RON A. GAGNON

(herein called the “**Employee**”)

OF THE SECOND PART

WHEREAS Bill 46, *The Excellent Care for All Act, 2010* requires hospitals to establish performance based compensation related to the achievement of targets set out in the hospital’s annual Quality Improvement Plan (QIP);

WHEREAS the employee has been an executive at an Ontario hospital since 2001 and is currently the President & CEO of an Ontario hospital, a role he has held since 2006.

WHEREAS the Employer wishes to employ the Employee as its President and Chief Executive Officer and the Employee wishes to be employed in that capacity and upon the terms set forth in this agreement;

THEREFORE IN CONSIDERATION of the respective promises and covenants contained herein the parties agree as follows:

1. TERM

- 1.1 The Employee agrees to perform such duties and exercise such powers as may be prescribed or specified from time to time by the Board of Directors of the Employer (the “Board”) as communicated to the Employee through the Chair of the Board, or such alternate as designated by the Board. The Employee represents and warrants to the Employer that he has the required skills and experience to perform the duties and exercise the powers and responsibilities required of the President and Chief Executive Officer of the Employer.
- 1.2 The Employee shall devote the whole of his working time and attention to the business and affairs of the Employer and to his responsibilities as Chief Executive Officer and shall not,

without the written consent of the Employer, engage either directly or indirectly in any other business or occupation of a permanent, temporary or part time nature.

- 1.3 The Employee acknowledges that as the President and Chief Executive Officer of the Employer he will acquire information about certain matters and things which are confidential or private. The Employee undertakes not to disclose any information relating to the private or confidential affairs to any third party either during his employment or thereafter, except as may be necessary in the proper discharge of his duties, as required by law, or with the prior written consent of the Employer.

2. COMPENSATION AND BENEFITS

- 2.1 Total annual compensation for the Employee shall be comprised of a base salary component plus a pay for performance component. This salary will compensate the Employee for all time devoted to fulfilling the role of Chief Executive Officer, and is inclusive of overtime and holiday and vacation pay with the exception of any carried over vacation that may be paid out to the Employee.
- 2.2 The Hospital shall pay the Employee a base salary (less deductions required by law) of Three hundred and ninety seven thousand nine hundred thirteen dollars (\$397,913.00) per annum, paid bi-weekly, effective November 5, 2018.
- 2.3 The Employee may be awarded a semi-annual performance based payment
 - a) The Employer and the Employee agree that a portion of the Employee's total annual compensation in addition to the base salary, hereinafter called the pay for performance component, shall be established to a maximum of fifteen percent (15%) multiplied by the then base salary, and linked to the achievement of assigned performance targets set out in the Employer's annual Quality Improvement Plan, as required pursuant to the *Excellent Care for All Act, 2010*, and as outlined in the Employee's approved individual annual performance targets. The performance based payment will be paid less required deductions and withholdings within 60 days of the completion of each semi-annual performance review.
 - b) The Board, in consultation with the Employee, will set annual and long-term Corporate Quality Improvement Plan goals in compliance with the provisions of the *Excellent Care for All Act, 2010*, and other operational goals. The Board (or a committee of the Board) shall conduct a performance evaluation of the Employee each year, by no later than August 1, for the most recently completed fiscal year, to determine the extent to which the Employee has been successful in achieving the goals set in the preceding fiscal year. Upon completion of each such evaluation, the Board will determine whether the Employee successfully earned, in full or in part, the pay for performance component of his total compensation.
 - c) The Employer shall conduct an annual performance review of the Employee's performance.

- d) Performance reviews will be based upon priorities mutually agreeable to the Employee and Employer. These priorities will reflect the objectives, deliverables, metrics and milestones of the Employer's strategic plan, operating plan, and quality improvement plan. In addition, the progress towards the achievement of annual and long-term Corporate Quality Improvement Plan goals will be considered.
- e) For development purposes, the performance review process shall include an annual 360 evaluation.
- f) The Employer shall advise the Employee in writing prior to January 31 each year of the annual salary and potential performance based payment available to the Employee in the following fiscal year together with the priorities upon which performance will be reviewed. The Employee shall have thirty (30) days to acknowledge his agreement with the priorities for performance review or to propose amendments for final decision by the Board.

2.4 The Employer will be guided by the CEO Job Profile, a Performance Appraisal Process and a Compensation Policy.

2.5 The Employee shall be entitled to full coverage in the benefit programs upon commencing employment with the Employer, described herein, subject to meeting the insurability and other applicable requirements of such plans. The Employee shall be entitled to such enhancements or additional benefits as may be available and as the Employee may elect. The Employer reserves the right to alter or amend the benefit plans.

- a) The Employer pays 100% of the following benefit premiums:

Semi-Private hospital accommodation coverage
 OHIP (Employer Health Tax)
 Group Life 3x Annual Salary (HOOGLIP)
 AD&D 3x (accidental death and dismemberment)

- b) The Employer pays 75% of the following benefit premiums:

Extended Health Care (hearing, vision)
 Dental Plan
 Disability Income (HOODIP) – Short Term and Long Term Disability Income

- c) The Employee shall be entitled to participate in the health care spending program that permits the allocation of an amount not to exceed 1.75% of his annual base salary toward the enhancement or purchase of additional benefits as may be available. The Employee acknowledges that certain vehicles within the health care spending program may be considered a taxable benefit.
- d) The Employee will be enrolled in HOOPP (Healthcare of Ontario Pension Plan) upon their date of hire.

- 2.6 For the first five (5) years of the contract the Employee shall be entitled to seven (7) weeks paid vacation during each full year of employment. This amount will be pro-rated for partial years of employment. During this period, vacation time will be cumulative from year to year and taken at such time as is convenient to the Employee with consideration given to the needs of the Employer. The Employee acknowledges that two weeks of vacation entitlement in each of the first two (2) years and one (1) week in each of the next three years may not be permitted to be taken subject to the business needs of the Employer and will be carried forward. Any carried-over vacation up to a maximum of eight (8) weeks may either be paid to the Employee or taken by the Employee at a mutually convenient time between the Employee and the Employer. After the first five years the Employee shall be entitled to take all seven (7) weeks' vacation per year and the vacation will be non-cumulative from year to year and may be taken at such time as is convenient to the Employee with consideration given to the needs of the Employer .
- 2.7 The Employer will pay the cost of the Employee's annual membership fees to the Canadian College of Health Service Executives, Chartered Professional Accountants Canada, and other employment related professional associations approved in advance by the Board.
- 2.8 Where permitted by law, the Employee's total annual compensation, including the annual base salary, performance based pay, benefits, pension and incentives, set out in this Agreement, shall be reviewed annually to ensure that it reflects the Executive Compensation Program of the Employer. In considering the level of compensation, the Board shall observe the Employer's approved Executive Compensation Program. For greater certainty, the Employer shall not be required to automatically increase the Employee's total annual compensation or other compensation in any year.

3. EXPENSES

- 3.1 It is understood and agreed that the Employee will incur expenses in connection with his duties under this Agreement. The Employer shall reimburse the Employee for any reasonable expense actually incurred by the Employee in the course of his employment in accordance with the policies and procedures of the Employer.
- 3.2 The Employer shall reimburse the Employee an amount not exceeding twelve thousand dollars (\$12,000) towards the costs of relocating the Employee's residence from Sault Ste. Marie to the Kitchener/Waterloo area, upon provision of acceptable receipts. Such costs include moving costs, real estate commissions and legal fees on the sale of current residence, traveling expenses, temporary lodging costs, and other appropriate costs and incidentals associated with relocation.

In the event the Employer terminates the Employee's employment for just cause, or if the Employee resigns, quits or abandons his employment (collectively "termination") within thirty-six (36) months of the Employee's start date, the Employee is responsible for repaying the Employer a portion of the relocation expenses for which the Employee was reimbursed. The amount to be repaid will be the full amount paid to the Employee for relocation expense less one thirty-sixth of that amount for each completed full month of service. Such repayment is to be made by the Employee to the Employer no later than three (3) months following the termination date.

4. TERMINATION

4.1 The Board may terminate the Employee's employment at any time without cause upon providing the Employee with a payment of twelve (12) months' notice of termination or payment in lieu of notice, (the "Notice Period") plus the Employer's contributions to the cost of the benefits listed in article 2.5 over that period, subject to statutory conditions, and in satisfaction of all statutory, contractual and common law obligations for the first five years of employment. The Employee after the first five (5) years of employment will then be entitled to an additional one (1) month for each full year of service to a maximum of eighteen (18) months' notice of termination or payment in lieu of notice, (the "Notice Period") plus the Employer's contributions to the cost of the benefits listed in article 2.5 over that period, subject to statutory conditions, and in satisfaction of all statutory, contractual and common law obligations. The Employee acknowledges that all payments to the Employee relating to the Notice Period will be paid by way of salary continuation. The only payment which shall be made is the payment of base salary and the Employer's cost of benefits as well as outstanding pay for performance and vacation pay accrued and payable up to the date of termination, and reimbursement of any outstanding expenses payable pursuant to this Agreement. No payment will be made in respect of pay for performance for any period arising after the Employer advises the Employee in writing of the termination of his employment, subject to the requirements of the *Employment Standards Act, 2000*. For clarity, in no event shall the Employee be paid less than his entitlement under employment or labour standards legislation, including any entitlement to termination or severance pay or benefit continuation. There is no mitigation obligation associated with this payment.

- a) The Employee may resign his employment upon the giving of not less than ninety (90) days advance notice in writing to the Employer. The Employer may waive any notice in excess of that required by the *Employment Standards Act, 2000* and the resignation would become effective immediately by providing the Employee with the compensation to which the Employee would have been entitled during the period of notice so waived. The Employer shall have no obligation to make any further payment to the Employee other than salary and any other statutory entitlements earned to the effective termination date including salary, any outstanding pay for performance, and vacation pay accrued and payable up to the date of termination, and reimbursement of any outstanding expenses payable pursuant to this Agreement.
- b) Notwithstanding the foregoing, the Employee's employment may be terminated by the Employer at any time without notice or compensation for just cause. For purposes of defining "just cause" in this Agreement, "just cause" includes, without limitation:
 - i. any material breach of the provisions of this Agreement;

- ii. willful failure to carry out the Employee's duties as set out in this Agreement or as prescribed by the Employer from time to time;
 - iii. willful failure to comply with the applicable legislation governing the Employer, including the *Public Hospitals Act*, or with the Employer's by-laws, policies, rules or regulations; or
 - iv. any conduct of the Employee that, in the opinion of a two-thirds (2/3) majority of the Board, tends to bring the President and Chief Executive Officer or the Hospital into disrepute.
- c) In the event that the Ministry of Health and Long Term Care or Local Health Integration Network causes the Hospital to reorganize or discontinue all or part of its operations, resulting in the termination of the Employee's employment without cause, the Employer shall pay the Employee the amounts required under article 4.1 (a) for a period of eighteen (18) months, in satisfaction of all statutory, contractual and common law obligations.
- d) In the event that the Employee must report to a regional CEO due to: a restructuring; or, an integration with St. Mary's General Hospital, the Employee may at his sole option, consider that his employment has been terminated without cause. The Employee must inform the Employer of his decision within three (3) months of the written notification by the Employer to the Employee of this change in reporting. The Employer shall pay the Employee the amounts required under article 4.1 (a) for a period of eighteen (18) months, in satisfaction of all statutory, contractual and common law obligations.

4.2 All obligations as contemplated by this Agreement shall end without notice upon the death or permanent long-term disability of the Employee. For greater certainty, if the Employee is in active employment of the Employer at the time of his death, his estate shall not be entitled to receive the pay in lieu of notice set out in this Agreement; however, if the Employee's employment has been terminated and he is in receipt of payments pursuant to Article 4 at the time of his death, the Employer shall make any remaining payments to his Estate.

5. EMPLOYER'S PROPERTY

5.1 The Employee acknowledges that all items of any and every nature or kind created or used by the Employee pursuant to the Employee's employment under this agreement, or furnished by the Employer to the Employee, and all equipment, credit cards, books, records, reports, files, diskettes, manuals, literature, confidential information or other materials shall remain and be considered the exclusive property of the Employer at all times and shall be surrendered to the Employer upon the request of the Employer, or in the absence of a request, on the expiry of the Term.

6. INTELLECTUAL PROPERTY

6.1 All trade secrets and confidential information, including computer programs, systems or software, trade secrets and information discovered or developed by the Employee or discovered or developed by others and used by or disclosed to the Employee (the "Intellectual Property")

during the course of his relationship with the Employer, whether at the Employer's place of business or otherwise, shall be and remain the exclusive property of the Employer and the Employee shall have no right, title or interest therein, which right shall continue notwithstanding the termination of the within Agreement.

- 6.2 The Employee shall not either during the term of this Agreement or at any time thereafter use for the Employee's own purpose, disclose, divulge or communicate orally, in writing or otherwise to any entity, person or persons the nature or existence of the Intellectual Property other than with the prior written consent of the Employer.
- 6.3 The Employee shall, at any time during the term of this Agreement or at any time thereafter, assist the Employer in obtaining and maintaining any patent, copyright, trademark or other protection for the Intellectual Property in any country, at the sole expense of the Employer.

7. NOTICES

- 7.1.1 Any demand, notice or other communication to be given in connection with this Agreement ("Communication") shall be given in writing and may be given by personal delivery or by registered mail addressed to the recipient as follows:

To the Employee: Ron A. Gagnon, 73 Sunnyside Beach Road, Sault Ste. Marie ON P6A 6K4

To the Employer: Jennifer O'Brien, Vice President Human Resources, Grand River Hospital

or to such other addresses or individual as may be designated by notice by either party to the other. Any Communication given by personal delivery shall be conclusively deemed to have been given on the day of actual delivery thereof and, if made or given by registered mail, on the second day, other than a Saturday, Sunday or statutory holiday in Ontario following a deposit thereof in the mail. If the party giving any Communication knows or ought reasonably to know of any difficulties with the postal system, which might affect the delivery of mail, any such Communication shall not be mailed but shall be given by personal delivery.

8. GOVERNING LAW

- 8.1 This agreement shall be deemed to have been made in and shall be construed in accordance with the laws of Ontario and the parties irrevocably attorn to the jurisdiction courts.

9. INDEMNITY

- 9.1 The Employer agrees to fully indemnify and save the Employee harmless from any and all claims, losses, damages, liability and costs including reasonable legal fees and expenses that may be incurred by the Employee, with respect to any third party claim or threat of claim against the Employee arising out of the performance of the Employee's duties or exercise of his powers pursuant to this agreement.

- 9.2 The Employee will, upon reasonable notice, provide information and proper assistance to the Employer as may be reasonably required by the Employer in connection with any legal, administrative or regulatory proceeding to which the Employer may become a party.

10. ENTIRE AGREEMENT

- 10.1 This agreement constitutes and expresses the whole agreement of the parties with respect to the employment of the Employee and supersedes all prior arrangements and understandings between them. Any modification to this agreement must be in writing and signed by the parties or it shall have no effect and shall be void.

11. SEVERABILITY

- 11.1 Should any provision of this agreement become invalid, illegal or not enforceable it shall be considered separate and several from the agreement and the remaining provisions shall remain in force and binding upon the parties as though such provisions had not been included. Should this occur, the parties agree to meet and negotiate in good faith as to whether or not changes to the Agreement are required as a result of such a declaration of invalidity.

12. ENUREMENT

- 12.1 The Employee may not assign, pledge or encumber the Employee's interest in this agreement nor assign any of the rights or duties of the Employee under this agreement without prior written consent of the Employer. This agreement shall be binding on and ensure to the benefit of the successors and assigns of the Employer and the heirs, executors, personal legal representatives and permitted assigns of the Employee.

13. CONSENT TO USE AND COLLECTION OF PERSONAL INFORMATION

- 13.1 By accepting employment, the Employee hereby authorizes and consents to the collection, use, and disclosure of employee personal information as may reasonably be required to manage the employment relationship, to enable the provision of wages and benefits, to evaluate and assess Employee's performance, and to facilitate contact with the Employee. The Employee acknowledges and agrees that such information may be disclosed to appropriate third parties for the purpose of administering the employment relationship consistent and in accordance with the purposes for which the personal information was collected. The Employer is authorized to retain the Employee's personal information for as long as may be required for employment purposes and for a reasonable period of time thereafter as may be necessary, or as may be required by law.

14. ACKNOWLEDGEMENT

- 14.1 The Employee hereby acknowledges that he has read and understands each of the provisions of this Agreement, and has executed this Agreement voluntarily and with full knowledge of its significance, and intends to be fully bound by the same.


- 14.2 The Employee acknowledges having had an opportunity to seek independent legal counsel in respect of this Agreement, and is satisfied that he fully understands all of his rights and obligations, and the consequences of the breach of any of his obligations.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the day, month and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of

GRAND RIVER HOSPITAL

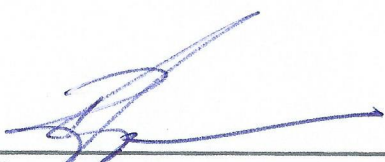

(Witness Signature)


(Print Name)


(Witness Signature)


(Print Name)

by:  (c/s)
Name: Janice Deganis
Position: Chair of Board of Directors


(s)
Ron A. Gagnon