

EMPLOYMENT AGREEMENT

This AGREEMENT is made and entered into between the parties this 16th day of December, 2008

B E T W E E N:

WEST PARRY SOUND HEALTH CENTRE (the "Health Centre")

And

DONALD SANDERSON (the "Executive")

In consideration of the terms, conditions, covenants and obligations herein contained, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. EMPLOYMENT

- 1.1 The Health Centre hereby agrees to employ the Executive as Chief Executive Officer (CEO) in accordance with the terms of this Agreement, such employment to commence effective January 5, 2009.
- 1.2 The Executive agrees to perform such duties and responsibilities as broadly outlined in Schedule "A" hereto, as it may be amended from time to time by the Health Centre, faithfully and to the best of his abilities. Such duties include, but are not limited to, all duties ordinarily expected of a CEO of a health centre and such additional executive duties as may be assigned by the governing body of the Health Centre to the CEO from time to time.
- 1.3 The Executive agrees to devote his full energies, abilities, attention and time to the business of the Health Centre and the performance of his employment obligations and

responsibilities. The Executive further agrees that he will not engage in any other business activity as an owner, officer or employee without the prior written authorization of the Health Centre, and shall fully disclose all relevant matters to the Health Centre.

- 1.4 The Executive acknowledges and agrees that all of the Executive's powers and actions are subject to general or specific instructions or limitations from the governing body of the Health Centre, and agrees to comply at all times with the law and all rules and regulations established by the Health Centre and the applicable regulators.
- 1.5 The Executive agrees that all directorship positions, including any he may presently hold, are subject to the approval of the Health Centre. The Executive agrees to either resign from, or not accept, any directorship which the Health Centre, in its sole discretion, may not approve.

2. TERM

- 2.1 The Executive's employment shall continue until terminated in accordance with the provisions hereof. It is understood that the terms and conditions of this Agreement shall continue in force notwithstanding that the position and/or duties performed by the Executive may be changed from time to time, provided that any such change in position and/or duties does not constitute constructive dismissal at law.

3. RELOCATION

- 3.1 The Executive is expected to relocate to the immediate service area of the Health Centre in a timely manner following the commencement of his employment hereunder.
- 3.2 The Health Centre agrees to pay reasonable moving expenses incurred by the Executive to commence his employment with the Health Centre to a maximum of \$20,000, consistent with the provisions of the Income Tax Act, and upon presentation of satisfactory, original vouchers or receipts.
- 3.3 The Executive agrees to repay a prorated amount of such relocation reimbursement payment in the event he resigns during the first twenty-four (24) months of employment, as follows: 100% of moving expenses paid by the Health Centre will be repaid if the Executive resigns within six (6) months of commencing employment; 75% will be repaid if the Executive resigns after six (6) months and up to twelve (12) months of employment; 50% will be repaid if the Executive resigns after twelve (12) months of

employment up to eighteen (18) months of employment, and 25% will be repaid if the Executive resigns after eighteen (18) months and up to twenty-four (24) months.

4. COMPENSATION AND BENEFITS

- 4.1 The Executive's annual Base Salary shall be \$190,000 which shall be payable in accordance with the Health Centre's usual payroll practices. Any future Base Salary increases are subject to annual review of the Executive's performance by the governing body of the Health Centre and will be implemented at such time and in such amount as may be determined to be appropriate in the sole discretion of the Health Centre.
- 4.2 Immediately upon commencing employment with the Health Centre, the Executive shall be entitled to participate in the employee benefits plans offered by the Health Centre to its senior management employees, including medical/hospital, dental, disability, pension and life insurance benefit plans, in accordance with the terms of those plans as they may be amended from time to time, and subject to any qualification periods and the Executive meeting the insurability requirements applicable to these plans. The cost of these benefits will be shared between the Executive and the Health Centre under the prevailing cost sharing arrangements. The Executive acknowledges having received and reviewed the Health Centre's current benefit plan documents. The Health Centre reserves the right to modify, amend or discontinue such plans and any cost sharing arrangements on the provision of three (3) months advance written notice to the Executive.
- 4.3 The Executive shall be entitled to six (6) weeks vacation during each full year of employment which shall accumulate prorata during the year on an annual basis. Vacation shall be taken in accordance with the Health Centre policy as amended from time to time and as meets the needs of the Health Centre. In the event that the Executive's employment with the Health Centre terminates for any reason, any vacation taken in advance of it having been earned will be deducted from the Executive's final pay and this signed Agreement shall be the Executive's written authorization to the Health Centre to deduct such amount. Vacations must be taken in the year in which they are earned. Any carryover of unused vacation into the next year can be done only with the written permission of the Chair of governing body of the Health Centre.
- 4.4 It is understood and agreed that the Executive will incur expenses in connection with his duties under this Agreement. The Health Centre shall reimburse the Executive for any

reasonable expenses actually incurred in the performance of his employment obligations and responsibilities hereunder, in accordance with the policies of the Health Centre, as established and amended from time to time.

- 4.5 The Executive shall be entitled to reimbursement for membership and association fees relating to The Canadian College of Health Services Executives and up to two other professional associations.
- 4.6 The Health Centre will pay for the capital and operating cost of a PDA device for mobile telephony and mail access (e.g. Blackberry), such device to be used primarily for business purposes.
- 4.7 All payments hereunder shall be subject to the all legally required deductions and withholdings.

5. CONFIDENTIAL INFORMATION

- 5.1 The Executive acknowledges that by virtue of his employment, he will be granted access to and acquire information about certain matters and things which are confidential and proprietary to the Health Centre. This information (hereinafter referred to as "Confidential Information") includes, but is not limited to: marketing and servicing programs, procedures and techniques, business, management, investment and human resources strategies; loss control and information management services; financial information; confidential information regarding patients, staff or physicians, and notes, records, data, software and other documents reflecting the business of the Health Centre.
- 5.2 Confidential Information shall remain the exclusive property of the Health Centre. No interest, licence or any right respecting the Confidential Information is granted to the Executive under this Agreement, by implication or otherwise.
- 5.3 The Executive agrees to:
 - (a) only access Confidential Information as may be directly required in connection with the provision of the Executive's duties and responsibilities hereunder and not for any other purpose;
 - (b) not at any time make use of the Confidential Information for the Executive's own purposes or that of any other person or entity;

(c) not disclose the Confidential Information or any information which, in good faith and good conscience, ought to be treated as confidential, to any third party except as may be necessary in the proper discharge of the Executive's duties, as required by law, or with the prior written permission of the Health Centre.

5.4 The obligations of confidentiality and restrictions on use of the Confidential Information shall survive the termination of employment.

5.5 The Executive acknowledges that any breach of duty hereunder is a breach for which damages may not be adequate compensation. The Executive therefore agrees that the Health Centre is entitled to equitable relief, including an injunction to remedy or prevent any breach or threatened breach by the Executive of this Agreement.

6. HEALTH CENTRE'S PROPERTY

6.1 The Executive acknowledges, understands and agrees that all items of any and every nature created or used by the Executive during the course of employment hereunder, or furnished by the Health Centre to the Executive, including all equipment, electronic devices, credit cards, books, records, reports, files, manuals, literature, Confidential Information or other materials shall remain and be considered the exclusive property of the Health Centre at all times and shall be surrendered to the Health Centre, including all originals and copies, in good condition promptly upon request at any time during the course of the Executive's employment or on termination or resignation of that employment, irrespective of the time, manner or cause of that termination or resignation. The Executive acknowledges and agrees that he shall not remove any Confidential Information from the Health Centre premises or retain any copies of such information belonging to the Health Centre without the prior written consent of the Health Centre.

7. CONSENT TO USE AND COLLECTION OF PERSONAL INFORMATION

7.1 By accepting employment with the Health Centre, the Executive hereby authorizes and consents to the collection, use, and disclosure of such personal information related to the Executive as may reasonably be required to manage the employment relationship, to enable the provision of wages and benefits, to evaluate and assess the Executive's performance, and to facilitate contact with the Executive. The Executive acknowledges and agrees that such information may be disclosed to appropriate third parties for the

purpose of administering the employment relationship and benefits consistent and in accordance with the purposes for which the personal information was collected. The Health Centre is authorized to retain the Executive'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.

8. TERMINATION OF EMPLOYMENT RELATIONSHIP

- 8.1 This Agreement may be terminated by the Executive at any time, for any reason, upon the giving of three (3) months advance written notice of such resignation. The Health Centre may waive this notice period, in whole or in part, and by written notice specify an earlier termination date which will provide at least the minimum notice period that would be applicable under the *Employment Standards Act 2000* if the Health Centre were to have terminated the Executive's employment. In the event of the Executive's resignation, coverage under any and all group benefit plans, disability plans and pension plans will cease on the effective date of such resignation.
- 8.2 The Health Center may, by notice in writing, terminate the Executive's employment at any time for just cause in law, without notice or payment in lieu of notice. In such event, the Health Centre shall only be obligated to pay any Base Salary and statutory entitlements earned to the effective termination date, being the last day on which the Executive is actively at work. Just cause includes, but is not limited to, any dishonesty, misappropriation or misuse of funds, conflict of interest, misuse of benefits, any breach of the terms of this Agreement or any other conduct or performance considered at law to be just cause.
- 8.3 The Health Centre may terminate the Executive's employment at any time, for any reason, in its sole discretion, upon providing the Executive with the following advance working notice or pay in lieu of such notice (the "Notice Period"):
- (a) If the termination occurs within the first two years of employment hereunder, twelve (12) months;
 - (b) If the termination occurs after the first two years of employment hereunder, twelve (12) months plus an additional one (1) month for each additional completed year of service after 2 years, to a maximum of eighteen (18) months.

- 8.4 The Executive acknowledges that all payments in lieu of notice pursuant to section 8.3 shall be made by way of periodic instalments equal to the Executive's pre-termination salary for a normal pay period which shall be paid on the Health Centre's regular pay days ("salary continuation").
- 8.5 The Executive agrees to use his best efforts to obtain other full time employment within the Notice Period. Upon assumption of such employment during the Notice Period, salary continuation shall cease immediately provided that, in no event, shall the Executive be paid less than the applicable, minimum entitlement under the *Employment Standards Act 2000* to termination and severance pay.
- 8.6 Upon termination pursuant to section 8.3, the Executive's coverage under any and all Health Centre group insurance, health, pension or retirement benefits (other than short and long term disability benefits) will be continued as permitted by the terms of the applicable policies and subject to any statutory requirements until the earlier of the end of the Notice Period or the assumption of alternate, full time employment. The Health Centre shall not continue any coverage of the Executive under the Short Term or Long Term Disability plan beyond the minimum period required by the *Employment Standards Act, 2000*.
- 8.7 The Executive agrees that during the Notice Period he will cooperate fully with the Health Centre in all matters relating to the winding up of any pending work and the orderly transfer to other Health Centre employees of the matters for which he has most recently been responsible. The Executive further agrees that during the Notice Period (whether or not active employment continues during the Notice Period) and after the expiration of the Notice Period, his fiduciary duties to the Health Centre shall remain in effect.
- 8.8 The Executive acknowledges and agrees that the consideration provided for in section 8.3 is inclusive of any and all compensation, payments, notice, pay in lieu of notice, termination or severance pay to which the Executive might otherwise be entitled under the *Employment Standards Act 2000*, any other applicable legislation, at common law, pursuant to any contract, or otherwise. The Executive further acknowledges and agrees that the notice and pay in lieu of notice provisions contained herein are fair and reasonable and agrees that upon any termination of the Executive's employment by the

Health Centre hereunder, or upon resignation by the Executive, the Executive shall have no cause of action, claim or demand against the Health Centre or any other person or entity as a consequence of such termination or resignation. The Executive hereby releases and discharges the Health Centre from any and all liability related to the termination of the Executive's employment pursuant to section 8.3 or any resignation of such employment.

- 8.9 The Executive acknowledges that the role of CEO is a key leadership role for the Health Centre that cannot be vacant for any extended period of time. In the event that the Executive is unable to substantially fulfill the essential duties and responsibilities under this Agreement as a result of a medical or psychological disability or illness for an extended and continuous period of time in excess of six (6) months, the Executive shall continue to receive the Base Salary until such time as the Executive qualifies for, or is denied, HOODIP Long Term Disability Benefits. Thereafter, the Executive acknowledges and agrees that, as a result of the Executive's continued inability to fulfill the essential duties and responsibilities of the CEO role, this Agreement shall be frustrated and the Executive's employment hereunder shall end without notice or payment in lieu of notice other than any minimum statutory notice that might otherwise be required under the *Employment Standards Act 2000* as amended, and subject only to any right of the Executive to continued to receive any Long Term Disability benefits to which the Executive is otherwise entitled.

9. ENTIRE AGREEMENT

- 9.1 This Agreement constitutes and expresses the whole agreement of the parties with respect to the employment of the Executive and supersedes all prior arrangements and understandings between them, whether written or oral, express or implied.
- 9.2 Any modification of this Agreement must be in writing and signed by both parties or it shall have no effect.
- 9.3 The headings used in this Agreement are for convenience only and are not to be construed in any way as additions to or limitations of the covenants and agreements contained herein.

10. SEVERABILITY

10.1 Should any provision of this Agreement become unenforceable or declared invalid for any reason whatsoever, such unenforceability or invalidity shall not affect the enforceability or validity of the remaining portions of the covenants. This Agreement shall be considered to be modified in that any unenforceable or invalid portions shall be severed from the remainder of the Agreement. The remaining provisions of this Agreement shall remain in force and shall remain binding upon the parties.

11. ASSIGNMENT OF RIGHTS

11.1 This Agreement shall be binding on and enure to the benefit of the successors and assigns of the Health Centre and its successors and assigns. The rights of the Executive under this Agreement are not assignable or transferable in any manner.

12. GOVERNING LAW

12.1 This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario and the laws of Canada as may be applicable in Ontario.

13. ACKNOWLEDGEMENT

13.1 The Executive acknowledges receiving a copy of this Agreement and confirms having had an opportunity to review the terms contained herein and to seek independent legal advice in respect of this Agreement and its provisions. The Executive confirms that he fully understands all of his rights and obligations hereunder.

TO WITNESS THEIR AGREEMENT, the parties have duly executed this Agreement this 16th day of December, 2008.

THE WEST PARRY SOUND HEALTH
CENTRE

Witness

Judi Campbell

by:

[Handwritten Signature]

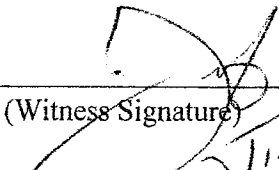
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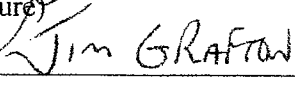
James Beatty

Position:


Chair

SIGNED in the presence of



(Witness Signature)


(Print Witness Name)

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Donald Sanderson
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“Schedule A”

**West Parry Sound Health Centre
Chief Executive Officer
Position Description**

Position Objective

Reporting to the Board of Trustees, the Chief Executive Officer of WPSHC has responsibility for the overall operational and financial management of the organization.

The CEO must attend to both the internal and external dimensions of the role, by discharging these responsibilities: these include but are not limited to;

Internal Hospital Environment

- Ensure that the resources of the organization (human, financial, and capital assets) are aligned with WPSHC’s Mission, Vision, Values, and goals set out in the Strategic Plan. Very specifically, ensure that the Health Centre’s service mission is focused, and that future resource allocation reinforces what the Health Centre will do, and by so doing, what it won’t do;
- Position WPSHC to remain a responsive and caring community hospital improving the health care services provided to the permanent residential and seasonal population;
- Develop annual operating plans in the context of the Hospital Accountability Agreement, and related LHIN requirements;
- Ensure that the organizational structure facilitates, in an accountable and efficient manner, the Health Centre’s work;
- Ensure that Quality, Safety and Risk Management are priorities of the organization so that the highest quality of care, is delivered to WPSHC’s patient population;
- Provide clear and decisive leadership, congruent with the intended direction established by the Board;
- Establish a positive, accountable and collegial working relationship with the Board, characterized by candor and open communication. Working within clearly defined roles, the Board and CEO will develop mutually acceptable processes for direction setting, decision-making and issues management;

- Continue to build solid relationships with physicians, promoting and fortifying prevailing models of service delivery. Ensure physician and programmatic alignment with the strategic plan;
- Establish a visible and approachable presence within the health Centre, fostering strong relationships with all levels of management, front line staff and the unions;
- Focus attention on continued career development, succession planning, recruitment and retention of WPSHC staff;
- Ensure that the Health Centre's strategic and operating plans are predicated on sound financial forecasts;
- Assume executive responsibility for future capital needs (near term and long term) such that the facility, and related technology deployed therein, equips the Hospital to address patient volumes in surroundings most conducive to the delivery of high quality, cost-efficient care;
- Lend strong support to the Foundation through active participation in capital campaign, annual giving, major gift, and special event programming;
- Promote the vital role played by volunteers within the organization.

External Health Care Systems Environment

- Forge and sustain relationships at both the political and bureaucratic levels, at the provincial and municipal levels, to ensure WPSHC's role is understood and supported;
- Develop a strategy to position the Health Centre for future success within the emerging system of Local Health Integration Networks, providing leadership and ensuring service funding is sufficient to meet the health care needs of the populations serviced;
- Collaborate actively with the other acute care organizations in the North East LHIN, and those in neighboring LHINs, ensuring that the aggregate clinical profile is strong, rationalized to underscore the respective areas of clinical focus upheld by each provider organization, and to ensure the communities served have access to care on a timely, accessible basis;
- Anticipate and respond to Ministry of Health and LHIN reporting mechanisms and templates;

- Maintain and further the important relationships with the Northern Ontario School of Medicine, Gamma DynaCare, Muskoka Algonquin Healthcare, Muskoka Parry Sound Mental Health Services, the North East CCAC., Sudbury Regional, and psychiatric programs with CMH, University of Toronto and Algonquin Family Services;
- Champion system integration and linkages with the community and other health care partners (locally, provincially, and nationally), with a view to improving the health status of the populations touched by the work of WPSHC;
- Maintain and strengthen understanding and partnerships with the First Nation communities ensuring that culturally and heritage-sensitive health care is respected.
- Establish a strong presence in the greater Parry Sound community, through regular and open communication and enthusiastic participation in community events.