



EMPLOYMENT CONTRACT

THIS AGREEMENT IS MADE THIS 2nd DAY OF February, 2010.

BETWEEN:

ST. FRANCIS MEMORIAL HOSPITAL
(herein called the "*Employer*")

OF THE FIRST PART

- and -

JEREMY STEVENSON
(herein called the "*Employee*")

OF THE SECOND PART

WHEREAS the Employer and the Employee wish to enter into an agreement pursuant to which the Employee will provide services to the Employer as hereinafter set forth in this agreement (the "Agreement"), and the Employer will hire and retain the services of the Employee as an Employee of the Employer;

AND WHEREAS the Board of Directors of St. Francis Memorial Hospital (the "Board") has approved the terms and conditions of this Agreement and has authorized its Chief Executive Officer to bind the Employer in this Agreement;

NOW THEREFORE, IN CONSIDERATION of the promises, covenants and agreements hereinafter contained, and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

1. **TERM OF EMPLOYMENT**

Subject to the termination provisions found in Section 8 herein, the Employee will commence employment on March 22, 2010.

2. **EMPLOYMENT**

- a) Subject to the terms and conditions set out in this Agreement, the Employer agrees to employ the Employee as Chief Operating Officer ("COO") and the Employee agrees to be employed by the Employer to carry out the

responsibilities of COO as set out in the COO job description attached as Appendix A which may be amended from time to time.

- b) During their employment, the Employee will faithfully perform his duties and apply his best efforts to promote the interests of the Employer.
- c) The COO shall report to the CEO. The COO shall have, subject to his reporting obligations, and to general or specific instructions and directions of the CEO
- d) Hospital By-Laws and policies of the Employer, authority to manage and direct the operational business and affairs of the Employer, including the power and authority to enter into contracts, engagements or commitments relating to the Employer's operations of every nature or kind in the name of and on behalf of the Employer and to engage or delegate the authority to employ and dismiss managers and other employees and agents of the Employer excepting senior managers which would require consultation with and approval of the CEO.
- e) At all times during his employment, the Employee will observe and be governed by the Hospital By-laws, policies and guidelines of the Employer. These policies and guidelines form part of this Agreement.
- f) The Employee's office will be based in Barry's Bay, and the Employee will establish his residence in the Barry's Bay area within the first five (5) months of his employment hereunder.

3. **EXCLUSIVE SERVICE**

The Employee will devote the whole of his working time and attention to the business and affairs of St. Francis Memorial Hospital and will not engage either directly or indirectly in any other business or occupation of a permanent, temporary or part-time nature unless prior disclosure has been made to the CEO and written authorization has been provided. Under no circumstances shall the employee engage in any other business, occupation or activity which is in conflict or has the potential of conflicting with the interests of St. Francis Memorial Hospital.

4. **COMPENSATION AND BENEFITS**

The Employer shall pay the Employee an annual **administrative base salary** of \$100,000.) (less deductions required by law and under the Employer's benefit plans), which shall be payable in accordance with the Employer's usual payroll practices.

- a) The Employer's CEO shall review the Employee's salary periodically to ensure

that its level is in keeping with industry compensation benchmarks.

- c) The Employee shall be entitled to participate in such benefit plans as are offered by the Employer from time to time to its Employees in accordance with the established practices and policies of the Employer.

5. VACATION

The Employee is entitled to **four (4)** weeks' paid annual vacation for the first year of continuous service or 1950 hrs and will advance to 5 weeks after one year. Thereafter entitlement will increase according to service as per Hospital policy. Vacation will be taken at a time mutually agreeable to the Employee and the Employer

Because vacation time is important, the employee is encouraged to use all of his/her vacation leave during the year in which it accrues. Nevertheless, the employee shall be entitled to carry over a maximum of two (2) weeks of unused vacation time to the following year. Any unused vacation that cannot be carried over shall be forfeited.

If, for any reason the Employee's employment is terminated, any vacation accrued but not taken will be paid to the Employee in cash. Any vacation taken, but not earned, will be reimbursed to the Employer, and the Employer shall have the right to deduct any amounts owing from the Employee (on account of vacation taken) from any amount owing to the Employee under this Agreement.

6. EXPENSES

A monthly stipend of \$200 will be provided to travel within Madawaska Valley. For all travel outside Madawaska Valley, the Employee will be reimbursed in accordance with the Employer's policies for all reasonable traveling and other out-of-pocket expenses actually and properly incurred by him in connection with his employment hereunder. For all such expenses the Employee will furnish to the Employer statements and vouchers as and when required by the Employer.

In addition the Employer shall reimburse or provide payment for annual membership to the Canadian College of Health Services Executive.

7. RELOCATION

The Employer will reimburse the Employee's reasonable moving and relocation expenses (upon provision of receipts or corresponding evidencing documents) related to his move from Ottawa to the Barry's Bay area to establish his residence, the whole to a maximum of \$5,000.00, . This amount will be forwarded upon hiring, it being agreed that such expense claims will be settled by no later

than September 15, 2010. Any unused portion of this allowance at that date shall be relinquished. Should the Employee resign, or give notice to resign effective within the first twelve (12) months of his employment, or be validly terminated for cause within such period, he shall reimburse to the Employer 100% of the expenses paid by the Employer under this paragraph and the Employer shall have the right to deduct any amounts owing from the Employee from any amount owing to the Employee under this Agreement.

8. TERMINATION OF EMPLOYMENT

- a) The Employee may resign from his employment at any time if he gives the Employer six (6) weeks' notice thereof in writing, with the understanding that the Employer may, at its discretion, waive this notice period or a portion thereof.

The Board or CEO may terminate the employment agreement without cause of the Employee as COO at any time. In such a case, the Employee will be entitled to one year's (12 months) salary.

- b) The termination compensation referred to above is inclusive of entitlements to notice and severance pay whether by statute or at common law, including entitlement to benefits.
- c) Notwithstanding anything in this Agreement, the Employer may terminate the Employee's employment at any time for cause, without notice and without payment of any compensation either by way of anticipated earnings or damages of any kind, save and except for any remuneration earned prior to the date of such termination. "Cause" for the purposes of this Agreement, includes but is not limited to the following:
- (i) Any material breach of the provisions of the Employment Agreement that is not rectified within a reasonable time after the Employee is requested to do so;
 - (ii) Demonstrated incompetence and/or gross neglect of duty and/or disregarding or disobeying any directive of the Board of Directors after being counseled as to the standard required and given reasonable time to correct such conduct;
 - (iii) Committing any willful act of dishonesty, insubordination, or willful neglect in performance of duties;
 - (iv) any conduct of the Employee which, in the reasoned opinion of the Employer, would bring the Employer into disrepute or would prevent the Employee from effectively performing the duties of his position;
 - (v) Any conviction of the employee of any indictable offence under the Criminal

Code of Canada;

Failure by the Employer to rely on the provisions of this paragraph in any given instance or instances shall not constitute a precedent or be deemed a waiver.

- d) "The Employer agrees that the Employee shall not be required to mitigate his damages upon his employment and this Agreement being terminated, and that any income derived from mitigation will not reduce the payments required to be made under this Agreement."
- e) This Agreement shall end without notice upon the death of the Employee.

9. **EMPLOYER'S PROPERTY AND CONFIDENTIAL INFORMATION**

- a) The Employee will not, directly or indirectly, either during his employment with the Employer or any time thereafter:
- b) disclose or use any secret or confidential information, knowledge or data of the Employer to the detriment of the Employer, howsoever obtained;
- c) divulge to any person, firm or corporation any invention, process, technique, program, service of the Employer, or any other confidential information, patent application, copyright, trademark or trade secret acquired as a result of his employment or in the course of his employment;
- d) Other than for the purposes of the Employer divulge to any person, firm or corporation any of the financial or legal affairs of the Employer;
- e) Disclose any other information relating to the affairs of the Employer to any person other than for the purposes of the Employer, subject to applicable legislation.

10. **GENERAL**

GOVERNING LAW

This Agreement shall be deemed to have been made in and shall be construed in accordance with the laws of Ontario, without regard to its conflict of laws rules, and the parties irrevocably atone to the courts of Ontario.

ENTIRE AGREEMENT

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.

SEVERABILITY

Should any provision of this Agreement become invalid, illegal or not enforceable it shall be considered separate and severed from the agreement and the remaining provisions shall remain in force and binding upon the parties as though such provisions had not been included.

AMENDMENTS AND WAIVERS

No amendment to this Agreement shall be valid or binding unless in writing and duly executed by both of the parties hereto. No waiver of any breach of any provision of this Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

INDEMNIFICATION

"The Employer agrees to indemnify and save harmless the Employee for all actions and duties carried out for and on behalf of the Employer, and if the Employee is or becomes a party or is threatened to be made a party to any proceeding or action by reason of being or having been an officer of the Employer, or by reason of anything done or not done by him in any such capacity, from and against all expenses (including legal fees, charges and disbursements on a solicitor and his own client, full indemnity, basis), actually and reasonably incurred by him in connection with such proceedings, if:

- a) he acted honestly and in good faith with a view to the best interests of the Employer; and
- b) In the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, he had reasonable grounds for believing that his conduct was lawful.

The indemnity as provided by this Agreement shall not be deemed to derogate from or exclude any other rights to which the Employee may be entitled under the legislation pursuant to which the Employer may be constituted, or otherwise at law or under the articles, by-laws, this Agreement or any resolution of the shareholders of the Employer, or otherwise, and shall continue after the Employee has ceased to be an officer and employee of the Employer.

The Employer agrees to maintain directors and officers' liability insurance to cover the actions of the Employee in discharging his duties as COEO in good faith."

INDEPENDENT LEGAL ADVICE

The Employee acknowledges that prior to his execution of this Agreement he has had an opportunity to obtain independent legal advice concerning the terms and conditions hereof.

CONFIDENTIALITY

The Employee and the Employer agree that the terms of this Agreement are confidential and the knowledge of such terms is to be restricted to the Employee and his advisers.

SURVIVAL

Sections 9 and 10e) of this Agreement survive termination of the Employee's employment and this Agreement.

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


IN WITNESS WHEREOF this Agreement has been executed by the parties.

SIGNED, SEALED AND DELIVERED)

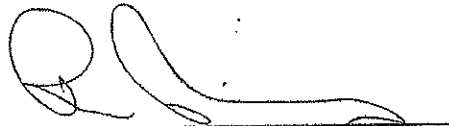
In the presence of)


_____)

Witness)


_____)
Witness)

ST. FRANCIS MEMORIAL HOSPITAL



Randy Penney, President & CEO


_____)
Jeremy Stevenson