

THIS EMPLOYMENT AGREEMENT is made the 6<sup>th</sup> day of October 2011,

BETWEEN:

**NORTHUMBERLAND HILLS HOSPITAL**

(the "Hospital")

- and -

**ROBERT F. BIRON**

(the "CEO")

**WHEREAS** the Hospital wishes to employ the CEO, and the CEO wishes to be employed by the Hospital on the terms and conditions set forth herein, as approved by the Board of Directors:

**1. DEFINITIONS**

In this Agreement, unless the context otherwise requires, each capitalized term shall have the following meaning attributed thereto:

- (a) "Agreement" means this agreement, including its recitals and all schedules attached to this agreement, all as may be supplemented or amended from time to time;
- (b) "Board" means Board of Directors of the Hospital;
- (c) "Chair" means the Director elected by the Board to serve as Chair of the Board;
- (d) "Chief Executive Officer" and "CEO" means in addition to 'administrator' as defined in Section 1 of the *Public Hospitals Act* (Ontario), the President and Chief Executive Officer of the Hospital;
- (e) "ECFAA" means the *Excellent Care For All Act*, Ontario 2010.
- (f) "MOHLTC" means Ministry of Health and Long Term Care.

Handwritten signatures of the Hospital and the CEO. The Hospital's signature is a stylized 'NH' and 'HOSPITAL'. The CEO's signature is a stylized 'RFB'.

## 2. CHIEF EXECUTIVE OFFICER

The CEO agrees to serve as the Chief Executive Officer of the Hospital to the best of his ability in compliance with all applicable laws, the Hospital's By-Laws, policies, procedures, rules and regulations, all as may be amended from time to time, and this Agreement. The position shall carry the title of "President and CEO."

## 3. ACCOUNTABILITY

- (a) The CEO shall be directly accountable to the Board in accordance with the Hospital's By-Laws and applicable policies and procedures.
- (b) The Chair shall act as the Board's central point of official communication with the CEO.
- (c) The CEO shall follow all lawful instructions and directions given to him by the Board.

## 4. TERM

Subject to the approval of the Board, this Agreement shall be effective *OCT 6* ~~<<DATE>>~~, 2011 and continue unless terminated in accordance with the provisions set out in paragraph 10 herein.



## 5. FULL TIME AND ATTENTION

- (a) Subject to paragraph (b) below, the CEO shall, throughout the term of his employment, devote his full time and attention to the business and affairs of the Hospital. The CEO acknowledges that this position will include carrying out duties in the evenings and weekends, as may be required from time to time, in addition to regular business hours.
- (b) The CEO shall be entitled to undertake activities for other organizations which are consistent with the CEO's responsibilities in respect of raising the profile of the Hospital and/or improving the Hospital's relationship with key stakeholders such as government (federal, provincial or municipal), other education or research organizations, and other health care providers or their respective associations, provided such activities do not interfere with his ability to discharge his responsibilities to the Hospital.

## 6. REMUNERATION

The CEO Compensation Plan includes base salary, performance-based compensation and benefits.



**(a) Base Salary**

The base salary shall be reviewed every year by the Board, and shall be consistent with the CEO Compensation Plan approved by the Board on June 2, 2011.

Salary increases, if any, shall be effective as of April 1<sup>st</sup> of the calendar year and shall be subject to satisfactory performance.

Effective April 1, 2012, the CEO position shall have a base annual salary range as follows:

Step 1	Step 2	Step 3	Step 4	Step 5
\$213,000	\$222,000	\$231,000	\$240,000	\$250,000

As at April 1, 2011 the CEO reached Step 4 of the salary range.

Step 4 and Step 5 of the salary range shall be phased in over a three-year period, specifically as follows:

Effective April 1, 2012, the Hospital agrees to pay the CEO a base salary of Two Hundred and Forty Thousand Dollars (\$240,000.00) per annum.

Effective April 1, 2013, the Hospital agrees to pay the CEO a base salary of Two Hundred and Forty-Five Thousand Dollars (\$245,000.00) per annum.

Effective April 1, 2014, the Hospital agrees to pay the CEO a base salary of Two Hundred and Fifty Thousand Dollars (\$250,000.00) per annum.

For a three year period, effective April 1, 2012 and each subsequent year on April 1<sup>st</sup>, the base salary range shall be increased by One and One-half percent (1.5%) for inflation. Effective April 1, 2015 and each subsequent year on April 1<sup>st</sup>, the base salary range shall be increased at a rate consistent with the previous year's posted Canadian Consumer Price Index (CPI).

**(b) Performance-Based Compensation**

The CEO will be eligible to receive an annual lump sum payment calculated as a percentage of his annual base salary as Performance-Based Compensation, and shall be consistent with the CEO Compensation Plan approved by the Board on June 2, 2011. This Performance-Based Compensation will be included in the CEO's Healthcare of Ontario Pension Plan ("HOOPP") pensionable earnings if permitted under the terms of the Plan.

Performance-Based Compensation payments under this Agreement do not result in an adjustment to the future base salary payable to the CEO.



The Performance-Based Compensation shall be tied to the achievement of targets established in the Annual Quality Improvement Plan, as required under the ECFAA, and as approved by the Board. The Performance-Based Compensation earned by the CEO shall reflect the degree to which performance targets were achieved as specified in the Annual Quality Improvement Plan for the respective fiscal year.

The Performance-Based Compensation shall be calculated as a percentage of the annual base salary in effect in each of the following years:

For the fiscal year commencing April 1, 2012: Five percent (5%);

For the fiscal year commencing April 1, 2013: Seven and One-Half percent (7.5%); and,

For the fiscal year commencing April 1, 2014: Ten percent (10%).

The Performance-Based Compensation earned by the CEO shall be paid by the Hospital no later than June 30<sup>th</sup> of each fiscal year.

(c) Bonus

The CEO may be eligible to earn a bonus up to Ten percent (10%) of base salary for exceptional performance, demonstrated by exceeding the performance goals and targets set by the Board, over and above the payments identified above in this Section 6. Any such bonus shall be made by recommendation of the CEO Evaluation & Compensation Committee to the Board for approval.

(d) Compensation Review

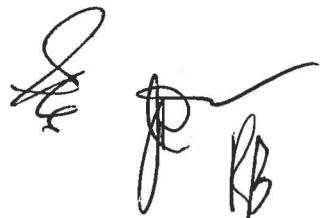
The Hospital commits to the CEO to complete a comprehensive compensation review including market evaluation, which shall be consistent with the approved CEO Compensation Plan, at least every three (3) years, with the next compensation review being scheduled to be completed prior to April 1, 2015.

## 7. PERFORMANCE REVIEW

On an annual basis, the Board will undertake a 360-degree performance review of the CEO.

## 8. BENEFITS

(a) The Hospital shall provide the CEO with an annual car allowance of Ten Thousand Two Hundred Dollars (\$10,200.00).

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- (b) Professional membership fees in professional organizations or associations shall either be paid directly by the Hospital on behalf of the CEO or, if paid by the CEO, reimbursed to the CEO upon presentation of receipts.
- (c) The CEO shall be entitled to participate in the benefits plans made available by the Hospital to its Senior Executive Team.
- (d) The Hospital shall pay on account of the CEO all reasonable expenses incurred by the CEO to attend professional conferences.
- (e) The CEO will participate in the Healthcare of Ontario Pension Plan ("HOOPP") in accordance with the terms and conditions of such Plan.

## 9. EXPENSES

It is understood and agreed that the CEO will incur Expenses in connection with his duties under this Agreement. The Hospital will reimburse the CEO for any reasonable and substantiated Expenses provided such Expenses were incurred in accordance with established Hospital policies and as approved by the Board Chair or designate.

## 10. TERMINATION

- (a) (i) The CEO may terminate his employment pursuant to this Agreement voluntarily at any time giving not less than ninety (90) days' notice in writing to the Hospital.
- (ii) The Hospital may waive notice in whole or in part but shall be required to continue providing the CEO both his salary and benefits for the full ninety (90) days plus any amounts owing per paragraph 10(j).
- (iii) Where the CEO opts to exercise his rights under 10(a)(i), he agrees to accept the pay-in-lieu of notice set out in paragraph 10(a)(ii) in full and final settlement of all amounts owing to him by the Hospital, including any payment in lieu of termination, entitlement of the CEO under any applicable statute and any rights that the CEO may have at common law.
- (b) The Hospital may terminate the employment of the CEO pursuant to this Agreement for cause (as defined by the common law) without notice by written notification at any time during the term of this Agreement.
- (c) At any time in the first year of employment, the Hospital may terminate the employment of the CEO without cause by providing twelve (12) months' salary continuance in lieu of notice. Thereafter, the CEO's salary continuance entitlement shall increase by one (1) month per year of employment after the first year of employment, up to a maximum entitlement of eighteen (18) months. In the event the Hospital terminates employment of the CEO owing to reasons beyond the reasonable control of the Hospital (for example,



government directed merger of the Hospital), then the CEO shall be provided eighteen (18) months' salary continuance in lieu of notice. The salary continuance will be paid at the CEO's base salary applicable at the time the Hospital gives notice of termination.

- (d) In the case of voluntary termination of employment or termination without cause, the CEO shall be eligible to earn Performance-Based Compensation on a pro rata basis for the period of his employment. The CEO shall cease to earn Performance-Based Compensation effective the last day of employment.
- (e) In the case of termination with cause, the CEO shall not be eligible to receive Performance-Based Compensation for the fiscal year in which termination with cause takes place.
- (f) In the event the CEO dies in office, then the beneficiary or estate, as the case may be, of the CEO shall receive the Performance-Based Compensation on a pro rata basis for the CEO's period of employment.
- (g) The CEO can elect within fifteen (15) business days of a notice of termination under paragraph 10(c) above, whether he wishes the payments be paid as a salary continuance or a lump sum payment. In the event of an election to be paid by a lump sum payment, the CEO agrees to accept the pay-in-lieu of notice as set out in paragraph 10(c) in full and final settlement of all amounts owing to him by the Hospital on termination, including any entitlement of the CEO under any applicable statute and any rights that the CEO may have at common law, and the CEO waives any claim to any other payment or benefits from the Hospital.
- (h) The payments under paragraphs 10(c) include all entitlements to either notice or pay in lieu of notice and severance pay under the *Employment Standards Act, 2000* (Ontario). In the event the minimum statutory requirements as at the date of termination provide for right or benefit that is greater than that provided for in this Agreement, such statutory requirements will replace the payments contemplated under this Agreement.
- (i) In the event of a termination under paragraph 10(c) the CEO shall have access to all benefits set out in sub-sections 8 for the notice period.
- (j) In the event of a termination under paragraphs 10(a), 10(b) or 10(c) the CEO shall be paid any accrued but unused vacation.
- (k) The CEO agrees to accept the salary continuance paragraph 10(c) and benefits set out in paragraphs 10(i) and 10(j) in full and final settlement of all amounts owing to him by the Hospital on the termination, including any payment in lieu of notice of termination, entitlement of the CEO under any applicable statute and any rights that the CEO may have at common law, and the CEO waives any claim to any other payment or benefits from the Hospital.



(l) It is agreed that for the purpose of this Agreement, the CEO's employment with the Hospital began on November 10, 2008.

## 11. TOTAL DISABILITY

- (a) If the CEO becomes eligible for long-term disability benefits under the Hospital's general disability policy this Agreement shall be deemed frustrated at the discretion of the Hospital, and in such event the Hospital shall, notwithstanding any other provisions contained in this Agreement, have no obligation to make payments to the CEO for notice or severance, other than amounts owing for notice or severance under the *Employment Standards Act* (Ontario) and a payment of an amount equal to six (6) months base salary hereunder and payments under paragraphs 10(d) and 10(j).
- (b) Payment of Long Term Disability benefits will be determined only by the insurer's definition of disability.
- (c) The CEO agrees to accept his entitlement for notice and severance pursuant to paragraph 11(a) above as full and final settlement of all amounts owing to him by the Hospital for notice and severance.

## 12. VACATION ENTITLEMENT

Service to the Hospital by the CEO under this Agreement will produce vacation entitlement of six (6) weeks during each fiscal year. In general, carry-over of an unused portion of vacation entitlement from one fiscal year to the next is discouraged, but carry-over, if any, must be approved by the Board Chair.

## 13. OWNERSHIP OF INFORMATION AND NON DISCLOSURE

- (a) "Confidential Information" includes, without limitation, information and facts relating to the operation and affairs of the Hospital acquired by the CEO in the course of his employment, including information and facts relating to present and contemplated services, future plans, processes, procedures, suppliers, capital projects, financial information of all kinds, government relations strategies, patients or their health records, any product, device, equipment or machine, or employees. For greater clarity, Confidential Information shall not include:
  - (i) information and facts that are available to the public or in the public domain at the time of such disclosure or use, without breach of this Agreement; or
  - (ii) information and facts that become available to the CEO on a non-confidential basis from a source other than the Hospital.
- (b) All Confidential Information of the Hospital, whether it is developed by the CEO during his period of employment or by others employed or engaged by or associated with the



Hospital, is the exclusive property of the Hospital and shall at all times be regarded, treated and protected as such.

- (c) The CEO shall not disclose Confidential Information to any person or use Confidential Information (other than necessary in carrying out his duties on behalf of the Hospital) at any time during or subsequent to his period of employment without first obtaining the consent of the Chair, and the CEO shall take all reasonable precautions to prevent the information to prevent inadvertent disclosure of any such Confidential Information.
- (d) Within five (5) days after the termination of the CEO's employment by the Hospital for any reason, or of receipt of a written request from the Hospital, the CEO shall promptly deliver to the Hospital all property belonging to the Hospital, including without limitation all Confidential Information (in whatever form) that is in the CEO's possession or under the CEO's control.
- (e) Nothing in this Section precludes the CEO from disclosing Confidential Information at any time if disclosure of such Confidential Information is required by law, regulation, governmental body, or authority or by court order, provided that before disclosure is made, notice of the requirement is provided to the Hospital, and to the extent possible in the circumstances, the Hospital is afforded an opportunity to dispute the requirement.

#### **14. LIABILITY INSURANCE**

The Hospital shall insure the CEO under its general liability policy both during and after the term of his employment, for all acts done by the CEO in good faith and in the execution of his office as Chief Executive Officer, throughout the term of his employment, including where the CEO is specifically named in a lawsuit launched by a patient, employee, member of the medical staff, or any other party.

#### **15. INDEMNIFICATION**

The Hospital will indemnify the CEO in accordance with its Indemnification By-Law applicable to Directors and Officers.

#### **16. ENTIRE AGREEMENT**

This Agreement expresses the entire agreement of the parties and cannot be amended unless there is written approval of both parties (i.e., by each of the CEO and the Hospital). Upon execution of this Agreement by the parties, this Agreement shall replace all previous agreements and shall govern the relationship of the parties.

#### **17. SECTION HEADINGS**

All paragraph headings have been inserted herein for convenience of reference only and do not form part of this Agreement.

A handwritten signature in black ink, appearing to read "S. J. H. 5", is positioned in the bottom right corner of the page.

## 18. BINDING EFFECT AND NON-ASSIGNMENT

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and successors, but shall not be capable of assignment by either party without the previous written consent of the other party thereto.

## 19. NOTICE PROVISIONS

Any notice to be given under this Agreement shall be in writing and shall be personally delivered or sent by registered mail to the following addresses or such other address as either party may from time to time designate to the other by notice given in accordance with this Section:

Notices to the Hospital:

Northumberland Hills Hospital  
Administration Department  
Attention: Chair, Board of Directors  
1000 DePalma Drive  
Cobourg, Ontario K9A 5W6

Notices to CEO:

Robert F. Biron  
[REDACTED]

Pursuant to section 21(1), Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c.F.31 has been redacted because its disclosure would constitute an unjustified invasion of Mr. Biron's personal privacy.

## 20. SEVERABILITY

If any covenant or provision of this Agreement is determined to be void or unenforceable in whole or in part by any court, such determination shall not affect or impair the validity of any other covenant or provision of this Agreement, which shall remain in full force and effect as if the void or unenforceable covenant or provision had not been made part of this Agreement.

## 21. WAIVER

The failure of either party to insist upon strict performance of any terms and conditions or to exercise any of its rights set out in this Agreement shall not constitute a waiver of these rights, and these rights shall continue in full force and effect.

## 22. GOVERNING LAW

This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario as may be amended or changed by legislation from time to time.



### 23. INDEPENDENT LEGAL ADVICE

The CEO confirms that, prior to the execution of this Agreement, he had a full and complete opportunity to obtain independent legal advice and representation and that he has either done or has freely chosen not to obtain such advice.

**IN WITNESS WHEREOF** the parties hereto have executed this Agreement.

## **NORTHUMBERLAND HILLS HOSPITAL**

Per: John John Hudson, Chair

Per: Doug Mann Doug Mann, Vice-Chair

I have read, understand and accept the terms and conditions of this Agreement,

SIGNED, SEALED AND DELIVERED  
in the presence of

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**ROBERT F. BIRON**