

THIS AGREEMENT made this 17th day of August, 2011.

BETWEEN:

Red Lake Margaret Cochenour Memorial Hospital
(hereinafter referred to as the "Hospital")

OF THE FIRST PART

- and -

Paul Chatelain

(hereinafter referred to as the "Employee")

OF THE SECOND PART

WHEREAS the Hospital desires to employ the Employee and the Employee desires to be employed by the Hospital subject to the terms and conditions hereinafter set forth.

NOW THEREFORE in consideration of the mutual promises and covenants set out herein, the parties agree as follows:

1. Employment Terms and Duties

- (a) The Employee shall be employed in the position of Chief Executive Officer of the Hospital, effective October 10, 2011. The term of employment is for an indefinite period, subject to termination in accordance with Section 8 herein. The Employee shall perform the duties and exercise the powers commensurate with this position reporting directly to and under the supervision of the Board of Directors of the Hospital (the "Board").
- (b) The Employee agrees that he will diligently and faithfully carry out his duties and responsibilities with a view to the best interests of the Hospital.
- (c) The Employee agrees that he will not directly or indirectly enter into any engagement to render services to any other person, firm or corporation while employed by the Hospital without the prior written consent of the Chair of the Board.

- (d) This offer of employment is and remains contingent upon a series of background checks that meet the Hospital's satisfaction, including Criminal, Background, Financial, Civil Litigation and public media reviews. Upon acceptance of this offer, the Hospital shall complete the background checks, and the Employee will be advised of the results, which shall result in either a confirmation of this offer or a withdrawal thereof in the Hospital's discretion based on the results of the background checks.

2. **Base Salary and Bonus**

- (a) In consideration of the full, prompt and faithful performance of the duties and responsibilities to be performed by the Employee, the Hospital agrees to pay a base salary of \$149,500.00 per annum in Canadian funds (the "Base Salary"), subject to all applicable deductions. The Base Salary will be paid at two-week intervals, and shall be reviewed and subject to increase on an annual basis at the discretion of the Board.
- (b) The Employee will be entitled to consideration for an annual performance-based bonus of up to three per cent (3%) of the Base Salary. The granting of any bonus in addition to the Base Salary shall be in the discretion of the Board, upon consideration of the Employee's performance and as specified in the Hospital's annual Quality Improvement Plan. A bonus is not earned unless the Employee is actively employed on the payment date. As such, if the Employee has resigned or his employment has been terminated, he is not entitled to any bonus that has not already been paid as of the last day on which he provided services, even if he is in receipt of salary continuance thereafter.

3. **Benefits**

The Employee shall be entitled to participate in the Benefit Package attached hereto as Appendix "A", subject to the terms and conditions of such group-benefit plans or private policies. The Employee acknowledges that the Hospital may revise the terms of the Benefit Package, including the plans or policies, from time to time.

4. **Vacation**

The Employee shall be entitled to six (6) weeks' vacation per annum. Such vacation shall be taken at times mutually convenient to the Hospital and the Employee. Unused vacation may be carried over into a subsequent year provided the amount of accrued vacation shall not exceed ten (10) weeks at any time, or such greater amount as is approved by the Board. Any amount of untaken vacation in excess of this amount shall be forfeited.

5. **Relocation Allowances**

The Employee shall be entitled to a maximum total relocation allowance reimbursement of \$13,000 (inclusive of all taxes), which may be used towards the Travel Allowances, Moving Allowances and Return Trips, as set forth in this Section (collectively the "Relocation Allowances").

(A) Travel Allowances

The Hospital will contribute toward the transportation expenses incurred by the Employee, his/her spouse, support worker and dependent children in their relocation from Stitsville, Ontario ("Stitsville") to Red Lake, subject to the following conditions:

- i) The most direct route from Stitsville to Red Lake shall be used in final determination of payment for each mode of transportation.
- ii) Transportation by air shall be paid at the prevailing economy airfare from Stitsville to Red Lake (utilizing reasonable advance booking, i.e. 2 to 4 weeks in advance).
- iii) Transportation by personal automobile shall be paid at the prevailing Hospital rates but payment shall not exceed the equivalent of one way economy airfare.
- iv) The Hospital shall also pay the reasonable costs of meals and lodging (per Hospital policies) incurred en route (unless included in the fare charges).

(B) Moving Allowances

The Hospital shall contribute toward the moving expenses incurred by the Employee for transportation of personal effects and normal household goods from Stitsville to Red Lake, subject to the following conditions:

- i) All moving claims must be supported by evidence of requests for three quotes from moving companies, if one is used.
- ii) The moving allowance may not be used to purchase appliances or furnishings.

(C) Return Trips

- i) During the Employee's first 18 months of employment, the Hospital will contribute toward the cost of up to three (3) return trips between Red Lake and Stitsville for the purpose of facilitating the sale of the Employee's home, packing or other relocation-related activities.

- ii) Transportation by air shall be paid at the prevailing economy airfare from Stitsville to Red Lake as outlined above under Travel Allowances.

(D) Reimbursement Terms and Conditions

- i) The Hospital does not assume any liability nor will it be held responsible for injury or loss which may arise during, or as a result of the Employee's move to Red Lake. It is the Employee's responsibility to arrange for and pay the costs of any required insurance for items during transport.
- ii) An advance payment of up to \$4,000 against the Relocation Allowances may be made upon the request of the Employee.
- iii) All payments of any monies in accordance with the Relocation Allowances are subject to the proper documentation of the expenses incurred, including appropriate expense statements and receipt vouchers (receipts for tickets, meals, accommodations and shipment of personal effects and household goods). If the advance payment is provided to the Employee, no further Relocation Allowances will be reimbursed until the Employee provides receipts evidencing that the Employee has in fact incurred expenses for the full amount of the advance payment.
- iv) The Relocation Allowance expenses must be incurred within 18 months following the employment start date of the Employee, and each expense must be submitted to the Hospital within three (3) months of the date the expense is incurred.
- v) The Hospital reserves the right to decline reimbursement for any Relocation Allowances submitted that do not comply with the requirements of this Section.
- vi) Any questions relating to the interpretation of this Section should be referred to the Board Chair.

Repayment

In the event the Employee chooses to leave the full-time employment of the Hospital or is terminated for cause before completing two (2) years of service, the Employee shall be required to refund a portion of the Relocation Allowances paid to the Employee or on the Employee's behalf set out in this Section 5. The amount to be refunded will be calculated on the basis of 1/24th of the total allowance for each month of the two-year period not served. The refund will be deducted from the Employee's final wages (including but not limited to salary/vacation payments), and any balance remaining must be repaid by the Employee.

6. Temporary Housing

Upon arrival in Red Lake, the Employee shall be entitled to use of the home owned by the Hospital (the "Home") as his temporary residence, with no obligation to pay any rental or lease fees. The Employee may use the Home for a maximum of twelve (12) months. The Employee shall be responsible for insurance of his personal belongings. The Hospital shall arrange for and pay the costs of any insurance on the Home itself, and shall pay all utilities. The Employee agrees to maintain the Home in good condition, and advise the Hospital of any maintenance or repairs required. The Employee shall be responsible for the repair of any damage to the Home that occurs while it is under his control, other than normal "wear and tear".

In the event the Employee does not require the use of the Home for the full twelve months, no payments in lieu of use of the Home will be made. The Employee acknowledges that the use of the Home may constitute a taxable benefit to him.

7. Expenses and Reimbursement

The Employee shall be reimbursed for all expenses that are actually and reasonably incurred by him in connection with the performance of his duties hereunder. Such expenses are to be submitted by the Employee in accordance with the policies and procedures as established by the Hospital from time to time.

8. Termination

- (a) The Employee may resign his employment with the Hospital by giving three (3) months' notice in writing to the Hospital, which notice may be waived or reduced by the Hospital at its sole option by providing the Employee with his Base Salary in lieu of that portion of the notice period so waived.
- (b) The Hospital may terminate the Employee's employment, at any time:
 - (i) for just cause. In the event of termination for cause, the Employee shall be advised in writing of such termination and the Hospital shall have no further obligation to the Employee except with respect to the payment of any earned but unpaid Base Salary and vacation pay calculated up to and including the date of termination.
 - (ii) without cause. In the event of such termination, the Employee shall be entitled to the following:
 - (A) The Hospital shall provide the Employee with payment of any remuneration or benefits owing to him by the Hospital for the period up to the effective date of termination.

- (B) Subject to this Section, the Hospital shall provide the Employee with Base Salary continuation, less deductions required by law, payable bi-weekly based on his then annual salary, for twelve months from the date the Employee is advised of the termination of his employment (the "Severance Period").

Should the Employee obtain alternate employment or earn income from self-employment during the Severance Period, the salary continuance shall cease, and the Employee will receive a lump sum payment equal to fifty percent (50%) of the outstanding severance monies.

- (C) The Hospital shall maintain the Employee's group health, dental, and life insurance coverage on the same terms and conditions as those benefits were provided at the time of the termination of employment, to the extent permitted by the respective carriers, for the Severance Period or until commencement of alternative employment or self-employment, whichever event first occurs.

For clarity, short-term disability and group long-term disability coverage will not be continued during the Severance Period, and the Employee agrees that he shall utilize the monies received during the Severance Period to acquire his own replacement disability coverage should he wish to do so.

- (D) The Hospital shall maintain the Employee's participation in HOOPP (Hospitals of Ontario Pension Plan) for the Severance Period or until commencement of alternative employment or self-employment, whichever event occurs first.

- (E) Upon termination of employment, the Hospital will immediately pay to the Employee any outstanding vacation pay owing to the Employee calculated up to and including the end of the statutory notice period as provided for in the Employment Standards Act, 2000 (as may be amended) (the "ESA") and will reimburse the Employee for any expenses incurred on Hospital business or to be paid hereunder up to and including the date of termination of employment.

- (c) In no event shall the Employee receive less than his entitlements pursuant to the ESA, and if required, the Hospital shall increase any payments required herein to meet the minimum amounts required pursuant to the ESA.

- (d) It is acknowledged that, provided that the Hospital fulfils its obligations hereunder, the payments referred to in this part shall be a complete and full settlement of any and all claims, complaints, actions, disputes or proceedings whatsoever, potential or otherwise, between the Employee and any and all of the employees, agents, officers, or directors of the Hospital and the Hospital itself, respecting the Employee's hiring, his employment with and the termination of his employment from the Hospital, whether pursuant to common law, contract, the ESA or other statute, or otherwise, and specifically including but not limited to all claims for severance, notice, pay in lieu of notice or termination pay pursuant to the ESA, under the common law or by contract. The Employee hereby releases and forever discharges the Hospital, together with its officers, directors, employees, servants and agents and their respective successors, heirs and assigns, from any and all actions, causes of action, contracts and covenants, whether expressed or implied, claims and demands for damages, whether statutory or otherwise, indemnity, costs, interest, loss or injury of every nature and kind whatsoever and howsoever arising in any way relating to the hiring of, the employment of and the termination of the employment of the Employee.

9. **Confidentiality**

The Employee agrees that all Confidential Information (as defined herein) which has been or will be provided to the Employee will be held by the Employee in strict confidence, will not be used by the Employee for his benefit or others (except in connection with the business and affairs of the Hospital) and will not be disclosed by him except in the course of performing his duties or unless otherwise required by law to be disclosed. For the purposes of this Agreement, "Confidential Information" means all confidential or proprietary information, intellectual property (including trade secrets) and confidential facts relating to the business and affairs of the Hospital. Confidential Information shall not include (i) any portion of the Confidential Information which is or becomes generally available to the public through no fault of the Employee, or (ii) information that was available to the Employee prior to its disclosure hereunder and information which becomes available to the Employee, in each case, on a non-confidential basis from a source that is not subject to a confidentiality agreement with the Hospital. The Employee shall, in the event his employment ends or at any other time if requested by the Hospital, promptly deliver to the Hospital all Confidential Information and all property of the Hospital which he may possess or have under his control.

10. **General**

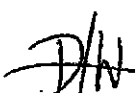
- (a) This Agreement constitutes the entire agreement and understanding between the Hospital and the Employee with respect to the subject matter hereof and supersedes any prior agreement regarding the subject matter hereof, whether verbal or in writing. The Employee confirms that he is not

relying on any representation not otherwise reflected in this Agreement in deciding to enter into this Agreement. This Agreement shall not be modified or amended except by an instrument in writing signed by the parties hereto. No provision of this Agreement shall be waived, altered or amended except in writing, signed by the party against whom such waiver, alternation or amendment is asserted. Any such waiver shall be limited to the particular instance and the particular time when and for which it is given.

- (b) This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors, heirs, and executors.
- (c) This Agreement shall be governed by the laws of the Province of Ontario.
- (d) This Agreement shall not be assignable by either party hereto.
- (e) The parties hereto confirm that they have had an opportunity to obtain independent legal advice and have entered into this Agreement freely, voluntarily and without duress.

11. **IN WITNESS WHEREOF** the parties hereto have fully executed this Agreement as of the date first written above.

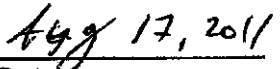
SIGNED, SEALED and DELIVERED in the presence of



Witness

) 

Paul Chatelain

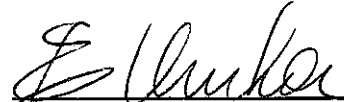


Date

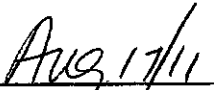
Red Lake Margaret Cochenour Memorial Hospital



Witness

) 

Eleanor Vachon
Chair, Board of Directors



Date

APPENDIX "A" – FRINGE BENEFITS

Life Insurance	Hospital 100%	Employee 0%
ADD	Hospital 100%	Employee 0%
Disability Insurance	Hospital 75%	Employee 25%
Semi-Private	Hospital 100%	Employee 0%
Extended Health Care	Hospital 75%	Employee 25%
Dental	Hospital 75%	Employee 25%

Hospitals of Ontario Pension Plan:

Employee: 6.9% of annualized earnings up to the year's maximum pensionable earnings
(CPP \$48,300 - 2011)
9.2% of earnings above \$48,300

Hospital: 1.26 x Employee Contributions

As revised from time to time by the Hospitals of Ontario pension Plan.

For purposes of determining the annual contribution, "Earnings" shall have the definition found in the Hospitals of Ontario Pension Plan.

Required Employee Contributions

All required employee contributions outlined herein shall be deducted from the Employee's gross pay.