



BLUEWATER HEALTH

89 Norman Street Sarnia Ontario N7T 6S3

T 519 464-4400

www.bluewaterhealth.ca

Hand Delivered

April 12, 2018

Mike Lapaine
c/o Bluewater Health
89 Norman Street
Sarnia, ON N7T 6S3

Dear Mike:

As a result of legislative changes regarding executive compensation, the compensation provisions of your current Employment Agreement with Bluewater Health dated July 15, 2015 are no longer enforceable.

Please accept this letter as notice that the Hospital wishes to revise the compensation provisions to be compliant with existing legislation and that such increased compensation is the consideration flowing to you under this agreement. All of the terms of employment in the existing Employment Agreement will remain unchanged, with the exception of the following provisions which will replace the corresponding provisions in the existing Employment Agreement:

3. Salary:

- (a) Bluewater Health shall pay the Employee an annual salary of \$308,823.00, such amount being inclusive of vacation pay, overtime and holiday pay commencing on September 1, 2017. Bluewater Health shall review the Employee's salary annually.
- (b) The Employee's salary shall be payable on a bi-weekly basis, subject to statutory deductions, HOOPP deductions, and remittances required by law and any additional deductions authorized by the Employee for benefit contributions, charitable donations or other purposes.
- (c) The Employee shall be entitled to receive performance pay in an amount up to 2% of base salary as set out in Article 3(a), above, which is subject to achieving the annual performance improvement targets established by the annual quality improvement plan as required by the *Excellent Care for All Act*. This sum is also inclusive of vacation pay, overtime and holiday pay.

Given that the salary adjustment has been approved back to September of 2017, the Hospital will pay you a lump sum equaling the difference in the increased salary as compared to your earnings from September 1, 2017 to April 4, 2018. This payment was made on April 11, 2018. All

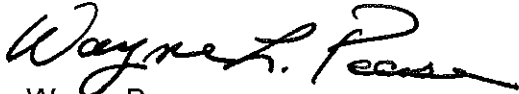
subsequent salary payments will be made in accordance with the standard payroll practices of the Hospital at the rate set out above.

In order to accept this extension and the terms set out above, please sign and date below where indicated and return one (1) original to Colleen Cook, Human Resources. Please keep a copy for your records.

Should you have any questions or concerns, please feel free to contact me.

We thank you for your continued contributions to the Hospital.

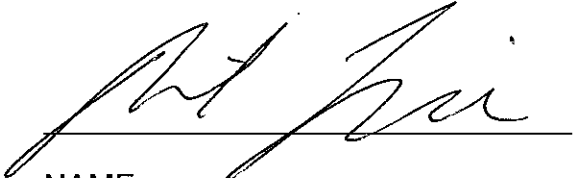
Sincerely,




Wayne Pease

Chair, Bluewater Health Board of Directors

I, Mike Lapaine, acknowledge and accept the above modification to my employment agreement dated July 15, 2015.



NAME



WITNESS



EMPLOYMENT AGREEMENT

THIS AGREEMENT is made this 15 day of July, 2015.

BETWEEN:

BLUEWATER HEALTH

- and -

MICHAEL LAPAINE

(herein sometimes called the "Employee")

WHEREAS Bluewater Health wishes to employ the Employee in the capacity of its President and Chief Executive Officer ("CEO") and the Employee wishes to be employed by Bluewater Health in such capacity 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. EMPLOYMENT AND DUTIES

- (a) Subject to the terms and conditions set out in this Agreement, Bluewater Health agrees to employ Mike Lapaine as its President and CEO, and Mike Lapaine agrees to work for Bluewater Health in such capacity.
- (b) As President and CEO, Mike Lapaine shall have full authority to manage and direct the operational business and affairs of Bluewater Health, subject to instructions or directions of the Board of Directors of Bluewater Health (the "Board"), the hospital's by-laws, rules, procedures and policies, and applicable law.
- (c) During the term of this Agreement, Mike Lapaine shall faithfully perform the duties assigned to him and apply his best efforts to promote the interests of Bluewater Health.
- (d) Mike Lapaine shall devote the whole of his working time and attention to the business and affairs of Bluewater Health and to his responsibilities as President and CEO and shall not, without the written consent of the Board, engage either directly or indirectly in any other business or occupation which might affect the performance of his duties and responsibilities or become a director or officer of any other organization.

2. TERM OF EMPLOYMENT

The term of employment hereunder shall commence on the 1st day of January, 2016 and shall continue thereafter until terminated pursuant to section 10 of this Agreement.

3. COMPENSATION

- (a) From the effective date of this Agreement, Bluewater Health shall pay Mike Lapaine an annual salary of \$300,000, such amount being inclusive of vacation pay, overtime and holiday pay;
- (b) Salary shall be payable on a bi-weekly basis and shall be subject to statutory deductions, HOOPP and group insurance premiums and other deductions and remittances required by law or authorized by the Employee.
- (c) The parties acknowledge and agree that 2% of the Employee's salary is designated as performance pay as required by the Excellent Care for All Act and shall be withheld from each bi-weekly pay. The parties acknowledge and agree that this performance pay shall only be paid upon the Employee achieving the annual performance improvement targets established by the annual Quality Improvement Plan as set out in the Excellent Care for All Act. The Board of Directors, on an annual basis, will review all of the indicators associated with the improvement targets and will then make a determination as to the amount of performance pay that the Employee is entitled to receive. The determination of the amount of performance pay will be made by the Board of Directors on an annual basis, ^{starting} no later than July 15, 2016 and include payment of any amounts owing for performance under the Employee's current employment contract with Bluewater Health (calculated at the applicable pro rate basis).

4. PERFORMANCE REVIEWS

The Board of Bluewater Health, in conjunction with the Employee, shall annually set performance goals and objectives for the President/CEO. For the first year of this Agreement, the performance goals and objectives shall be agreed to and approved by the Board within two months of the effective date of this Agreement.

The Board shall conduct an annual performance review of the President/CEO's performance as measured against the approved goals and objectives approved for the previous year.

5. PENSION and BENEFITS

The Employee shall continue to be enrolled in the Hospitals of Ontario Pension Plan (HOOPP) and shall be entitled to participate in any and all benefits programs which may be in effect from time to time for non-union employees of Bluewater Health. Long-Term Disability coverage shall be based on 75% of the Employee's earnings, subject to any restrictions or conditions established by the hospital's insurer. Life insurance coverage shall be provided in an amount equal to three times annual earnings.

6. BENEFITS - EARLY RETIREMENT

In the event that the Employee retires as President and CEO prior to reaching age sixty-five (65), he may continue to participate in the Executive Benefits, Extended Health, Out-of-Country

Travel, Semi-Private, and Dental Care as provided to active members of the non-union staff of the hospital. It is understood that such coverages shall be maintained provided the Employee pays his share of any premiums associated with these benefits. Participation in these benefits shall cease once the Employee reaches age sixty-five (65) or when the Employee commences other employment, whichever occurs first.

7. VACATION

The Employee shall be entitled to (30) days vacation in each calendar year. Vacation shall be taken at times to be scheduled by the Employee and approved by the Chair of the Board. Not more than three weeks' vacation may be taken consecutively. The total amount of vacation time accumulated and held in the vacation bank, at any time, shall not exceed (45) days.

8. EXPENSES and PROFESSIONAL MEMBERSHIPS

- (a) Subject to clause 9 below, Mike Lapaine shall be reimbursed for all reasonable travel and other out-of-pocket expenses actually and properly incurred in carrying out his duties and responsibilities as President and CEO, in accordance with hospital policy as may be set out from time to time. For all such expenses the Employee shall furnish to Bluewater Health statements and receipts as and when required by Bluewater Health.
- (b) Bluewater Health shall reimburse the Employee's membership fees in the Canadian College of Health Services Executives and one other professional association of the Employee's choice, related to the role of President and CEO. The Employee shall furnish to Bluewater Health statements and receipts as and when required by Bluewater Health.

9. CAR ALLOWANCE

The Employee is required to use his personal vehicle in the performance of his job duties. Accordingly, Bluewater Health will pay the Employee a car allowance of \$750.00/month commencing on the effective date of this Agreement. This allowance will cease on the earliest of the date the Employee ceases to be actively employed, begins a leave of absence, or on which performance of the Employee's job duties no longer requires the use of his personal vehicle as determined at the discretion of the Board of Bluewater Health. This allowance is in lieu of any mileage or expense payments for use of the Employee's vehicle on hospital business for local travel. For the purposes of this agreement, "local travel" shall be any business travel which is less than 100 km one way from Bluewater Health's Sarnia location.

10. RESIDENCE

During the term of his employment as President and CEO of Bluewater Health, the Employee shall continue to maintain his residence in Lambton County.

11. TERMINATION of EMPLOYMENT

- (a) The Employee may resign or retire from his employment at any time by providing Bluewater Health six (6) months' prior written notice of resignation. Such notice may be waived by Bluewater Health, in whole or in part. The Employee's entitlement to remuneration and benefits pursuant to this Agreement shall cease on the effective date of notice given by the Employee, notwithstanding such waiver of notice by Bluewater Health.

- (b) Bluewater Health may terminate the Employee's employment at any time for any reason on giving the Employee the number of months' notice as set out below or payment of an amount equivalent to such number of months multiplied by the Employee's salary (less deductions required by law) in lieu of notice:
- a. If notice is given on or before December 31, 2016, 18 months;
 - b. If notice is given between January 1, 2017 and December 31, 2017, nineteen (19) months;
 - c. If notice is given between January 1, 2018 and December 31, 2018, twenty (20) months;
 - d. If notice is given between January 1, 2019 and December 31, 2019, twenty-one (21) months;
 - e. If notice is given between January 1, 2020 and December 31, 2020, twenty-two (22) months;
 - f. If notice is given between January 1, 2021 and December 31, 2021, twenty-three (23) months;
 - g. If notice is given on or after January 1, 2022, twenty-four (24) months.
- (c) The Employee shall, subject to and in accordance with the terms of the applicable benefit plans, continue to participate in the pension and benefit plans as set out in section 5 of this Agreement (with the exception of short term and long term disability) provided that the Employee pays his share of any premiums associated with these benefits until the earlier of the end of the notice period or until the Employee obtains alternate employment. However, at no time shall participation in the pension or benefits be discontinued before the end of the period corresponding to the statutory notice period as required under the *Employment Standards Act, 2000*. The Employee shall receive short or long-term disability benefit coverage only during the period corresponding to the statutory notice period as required under the *Employment Standards Act, 2000*.
- (d) If, at the time of termination of employment, the Employee is in receipt of short-term disability or long-term disability benefits, the amount of such benefits received by the Employee during the notice period shall be deducted from the amount of compensation in lieu of notice otherwise payable under this section. At no time, however, will the Employee receive less than his minimum entitlements under the *Employment Standards Act, 2000* by virtue of the application of this provision.
- (e) Bluewater Health may terminate this Agreement at any time for cause 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, shall include, but not be limited to, material breach of the provisions of this Agreement, gross neglect of duty, any willful act of dishonesty, disregarding or disobeying any reasonable resolution of the Board, any conviction of the Employee of an indictable offence under the Criminal Code of Canada or the commission of an act of bankruptcy by the Employee. Failure by Bluewater Health to rely on the provisions of this subparagraph in any given instance or instances shall not constitute a precedent or be deemed a waiver.
- (f) Where the Ministry of Health & Long-Term Care, LHIN or any other government body or alliance having jurisdiction over Bluewater Health imposes or directs to occur any regionalization initiatives or other major changes which cause material adverse change to the Employee's role, the Employee shall elect in writing within two months of such material adverse change becoming effective to either accept such material change or

resign his position. If the Employee resigns in accordance with this section 11 (f) he shall in such instance become entitled to the payments set out in section 11 (b) above.

- (g) If the Employee becomes unable to perform the essential duties and responsibilities of his position as President and CEO due to illness or disability and it is determined by the Board after considering the medical and other information or advice provided to it that the Employee will be unable to resume his duties and responsibilities on a prolonged and indefinite basis, Bluewater Health may determine that the contract of employment has been frustrated and will provide the Employee six (6) months' notice to that effect.
- (h) In the event that Bluewater Health terminates Mike Lapaine's employment without cause, Bluewater Health shall provide the Employee with an out-placement counseling grant at its expense of \$12,500 as well as a grant of \$7,500 to cover expenses associated with termination, relocation or finding alternative employment.
- (i) This Agreement shall automatically be terminated on the Employee's death.

12. BLUEWATER HEALTH'S PROPERTY

The Employee acknowledges that all items of any and every nature or kind created or used by him pursuant to his employment under this Agreement, or furnished by Bluewater Health to him including all equipment, credit cards, books, records, reports, files, or other materials shall remain and be considered the exclusive property of Bluewater Health at all times and shall be surrendered to Bluewater Health upon the request of Bluewater Health, or in the absence of a request, on the termination of his employment.

13. CONFIDENTIALITY

During the course of his employment, the Employee has and will acquire detailed and confidential information of the hospital's operations and other documents and information confidential to Bluewater Health. The Employee shall not in any way use, divulge, furnish or make accessible to any person, either during his employment or at any time thereafter, any confidential information relating to the business of the hospital acquired by him in the course of his employment other than to perform the duties of his employment or as may be required by law.

14. CONFLICT OF INTEREST

The Employee will ensure that his direct or indirect personal interests do not, whether potentially or actually, conflict with Bluewater Health's interests. The Employee agrees to promptly report any potential or actual conflicts of interest to the Board. For greater certainty, a conflict of interest includes, but is not expressly limited to the following:

- i. private pecuniary interest in an organization with which Bluewater Health does business or which competes with the business interests of Bluewater Health;
- ii. private or pecuniary interest, direct or indirect, in any concern or activity of Bluewater Health of which the Employee is aware or ought reasonably to be aware;
- iii. pecuniary interests include the pecuniary interest of the Employee's parent, spouse, partner, child or relative, a private corporation of which the Employee is a shareholder, director or senior officer, and a partner or other employer.

15. INDEMNITY

Bluewater Health shall indemnify the Employee for all damages, costs or expenses arising from any claim, suit, or proceeding in respect of acts or omissions by the Employee in his capacity as an employee of Bluewater Health, including the performance of any statutory duty, provided that he acted at all material times honestly and with a view to the best interests of Bluewater Health.

16. NOTICES

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

To Mike Lapaine
56 Essex Street
Goderich, ON N7A 2H4

To: Bluewater Health
89 Norman St. Sarnia, ON N7T 6S3

Attn. Chair

or to such other address 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 third business day following the date of mailing. 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.

17. GOVERNING LAW

This Agreement shall be governed by and shall be construed in accordance with the laws of Ontario.

18. ENTIRE AGREEMENT and AMENDMENT

This Agreement constitutes and expresses the whole Agreement of the parties with respect to the employment of the Employee and supersedes all prior agreements, arrangements and understandings (whether written or oral, express or implied) 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.

19. SEVERABILITY

Should any provisions 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.

20. ASSIGNMENT

- (a) Bluewater Health may assign or transfer this Agreement upon notice to the Employee.
- (b) This Agreement is personal to the Employee and may not be assigned or transferred by him.
- (c) This Agreement shall be binding on and enure to the benefit of the successors and assigns of Bluewater Health and the heirs, executors and personal representatives of the Employee.

21. INDEPENDENT LEGAL ADVICE

The Employee acknowledges that he has read and understands this Agreement and acknowledges that he has had a reasonable opportunity to obtain independent legal advice with respect to it, and that he has voluntarily signed this Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

BLUEWATER HEALTH

By:

Lois Kelly
Chair

By:

Wayne L. Pease
Vice-Chair

Date:

July 15, 2015

By:

Mike Lapaine
name Mike Lapaine

Date:

JULY 15, 2015