

Letter of Understanding and Agreement re Pay for Performance and other Matters

Between:

Kemptonville District Hospital (the 'Hospital')

- and -

Colin Goodfellow (the 'CEO')

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WHEREAS the *Excellent Care for All Act, 2010* (the 'Act'), requires that the payment of a portion of the CEO's compensation be linked to the achievement of performance improvement targets as set out in the Hospital's annual quality improvement plan;

AND WHEREAS the existing compensation plan applicable to the CEO does not already provide for a portion of the CEO's compensation to be paid based on an assessment of the CEO's performance;

AND WHEREAS in such circumstances the Act requires that the CEO's compensation plan be modified so that the payment of a portion of the CEO's compensation is made contingent on the achievement of the performance improvement targets set out in the annual quality improvement plan;

AND WHEREAS the CEO is also subject to the provisions of the *Public Sector Compensation Restraint to Protect Public Services Act, 2010* (the 'wage restraint legislation'), which restrains and restricts the ability to provide compensation increases to the CEO prior to April 1, 2012;

AND WHEREAS the combined effect of the Act and the wage restraint legislation is that the CEO's existing compensation plan must be amended for the 2012 fiscal year (meaning April 1, 2011 to March 31, 2012) so that a portion of the CEO's existing salary be modified to now be contingent on the CEO's achievement of the performance improvement targets;

NOW THEREFORE, it is understood and agreed by the parties that the following modifications to the CEO's existing compensation plan shall be implemented for the 2012 fiscal year:

1. Except where specifically amended or adjusted by this Agreement, the existing terms and conditions of the CEO's employment, as set out in the employment contract between the Hospital and the CEO dated April 9, 2009 ("Employment Contract"), remain in effect.

2. Section 5.1 of the Employment Contract shall be amended as follows:

(a) The first sentence thereof shall be amended to read as follows:

"The Hospital shall pay the CEO an annual salary set each year of this Agreement at the midpoint of CEO compensation in the quadrant in which the hospital budget falls within in the peer group of the \$10 to \$25 million budget hospitals in the most current Ontario Hospital Association Executive Salary Survey Report, with the value of the midpoint being adjusted to reflect the cost of living increase in the previous calendar year."

(b) The following provisions shall be inserted at the end of Section 5.1 of the contract:

The CEO's salary will be reduced by 2%, effective April 1, 2011 (the 'Performance Amount') The Performance Amount will be a payment available to the CEO based on an assessment of the CEO's achievement of the performance improvement targets set out in the Hospital's quality improvement plan for the 2012 fiscal year.

The performance targets and standards for assessing the achievement of the performance targets set out in the Hospital's quality improvement plan for the 2012 fiscal year are reproduced below:

Indicator	Aim	Measure	Benchmark	Target
Total Margin	Effectiveness	(T. Revenue-T. Expenses)/ T.Revenue	2nd Quarter - 2.74	0
C. difficile Infection	Safety	Rate per 1000 days	Provincial Rate - 0.77/1000 days	Less than 0.77/1000 days
Patient Satisfaction	Patient Centered Care	NCR Picker Combined ER and IP	Provincial Average	3% above Prov. Average


An assessment of the CEO's achievement of the performance targets will be made by the Board within thirty (30) days of the end of the 2012 fiscal year, with the payment of the appropriate portion of the Performance Amount to be made to the CEO as soon as is practicable thereafter.

In assessing the achievement of the performance targets, the Board will make a determination as to the level of achievement by the CEO of the targets. The CEO will be entitled to payment of the Performance Amount if 2 of the 3 performance targets are achieved.

The CEO must be actively employed with the Hospital on April 1, 2012 in order to be eligible to receive payment of the Performance Amount, or a portion thereof.

3. The CEO's salary effective April 1, 2011 will be \$162,269.38 and the Performance Amount for the 2012 fiscal year will be \$3,311.62.
4. It is understood that the compensation structure (which includes salary and the Performance Amount) set out in this Agreement applies only to the fiscal year ending March 31, 2012.
5. The Parties acknowledge and agree that the modifications to the CEO's compensation are being made to comply with the statutory requirements under the Act and, as a result, cannot be the basis of a claim for wrongful or constructive dismissal.
6. The Parties further acknowledge and agree that the provisions set out in this agreement regarding payment of compensation based on assessment of performance only apply to the 2012 fiscal year.
7. It is agreed by the Hospital and the CEO that notwithstanding Article 4.1 of the employment contract between the Hospital and the CEO, the CEO will, with the approval of the Board Chair, be able to accept appointments as a consultant for up to a total of 75 hours per calendar year. It shall be at the sole discretion of the Board Chair to approve such appointments, but consideration will be had to whether the appointment will interfere with the duties of the CEO, relationship benefits which may accrue to the Hospital, and protection of the Hospital's good reputation.

For the Hospital:



Date: April 29 2011

Name: Alexandre Pontbriand

Position: board chair

For the CEO:



Date: April 29 2011