

September 30, 2022

Frank J. Vassallo
36 Holmwood Ave
Ottawa, ON
K1S 5V1

Re: Amendment to the CEO Employment Agreement

Dear Frank,

As a result of considerable increases to your responsibilities as CEO over the last year, I am pleased to inform you that the Board of Directors has approved an increase to your base salary effective September 29, 2022. The additional significant responsibilities include:


- Co-Chairing of the Small Rural and Northern Hospital Leadership Council;
- Leading the expansion of the KDH surgical programs: implementing WSIB and gynecology programs in co-operation with The Ottawa Hospital and working on the introduction of an ophthalmology program;
- Acquisition of a CT scanner and other programs for the Diagnostic Imaging department.

All other terms and conditions of the Chief Executive Employment Agreement of August 25, 2015, and the amendments to the CEO Employment Agreement dated September 24, 2021 will remain unchanged. Your total compensation package now includes:

- A base salary of \$219,048.00;
- The potential to earn a five (5) % performance-related pay based on your fiscal base salary to be earned upon the successful completion of assigned fiscal operational goals bringing your potential annual salary to \$230, 000.00.

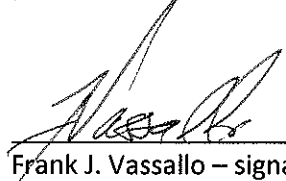
We thank you for your continued leadership and trust that you will agree to your revised compensation package.

Sincerely,


Elizabeth MacPherson
Chair, Board of Directors

c.c. personnel file

I, *Frank J. Vassallo*, accept the revised total compensation salary effective September 29, 2022 as provided herein.


Frank J. Vassallo – signature

Oct. 6/22.
Date

THIS EMPLOYMENT AGREEMENT is made BETWEEN:

Kemptville District Hospital
(hereinafter referred to as the "Employer" or "Hospital")

- and -

Frank Joseph Vassallo
(hereinafter referred to as the "Executive")

WHEREAS the Hospital wishes to retain the services of the Executive in the position of Chief Executive Officer ("CEO") and whereas the Executive agrees to provide services in the capacity of CEO;

AND WHEREAS it is the intention of the parties to maintain an employer/employee relationship;

NOW THEREFORE THIS AGREEMENT WITNESS THAT in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto mutually agree as follows:

1.0 EMPLOYMENT

1.1 Position, Duties and Accountability

The Executive shall be an employee of the Hospital in the position of CEO. The Executive shall be empowered to exercise the duties commensurate with his position in accordance with the powers, responsibilities and authority granted by the Board of Directors of the Hospital ("the Board") from time to time and as generally described in the Hospital's by-laws, rules, directives and policies. The Executive is directly answerable to the Board in relation to his duties and responsibilities as CEO.

1.2 Reporting

On a day-to-day basis, the Executive shall report directly to Chair of the Board as defined in the Hospital's by-laws as amended from time to time.

2.0 TERM AND AUTOMATIC RENEWAL

This Agreement shall be for a fixed term of two (2) years commencing with effect on October 5, 2015 ("Start Date") and ending on October 4, 2017 ("Expiry Date").

Thereafter, this Agreement shall automatically renew for successive one (1) year terms starting on October 5 of each year. For the purposes of this Agreement, each successive one (1) term is hereafter referred to as a "Renewal Year".

Nothing in this Article prevents the Hospital from relying on Articles 5.4 (Termination for Cause) and 5.5 (Termination without Cause) of the Agreement in order to terminate this Agreement in advance of the Expiry Date. For the purposes of this Agreement, the "Expiry Date" includes, where applicable, any new end date of the Agreement due to an automatic renewal.

3.0 COMPENSATION

3.1 Statutory Framework

The Hospital and the Executive acknowledge and agree that the Executive's compensation is currently subject to the *Excellent Care for All Act, 2010* ("ECAA"), the *Broader Public Sector Accountability Act, 2010* ("BPSAA"), and the *Broader Public Sector Executive Compensation Act, 2014* ("BPSECA"), all as amended from time to time ("Wage Restraint Legislation").

In keeping with the Hospital's statutory obligations under the Wage Restraint Legislation, the total annual compensation for the Executive is currently comprised of Base Salary and a Performance Amount.

Subject to constraints imposed by the Wage Restraint Legislation or any other applicable law, the Board of the Hospital shall review the Executive's total annual compensation on a yearly basis, and shall set the Executive's total annual compensation effective on each anniversary of the Start Date or such other date as the Board shall choose. The Board shall determine, acting reasonably, what percent of the Performance Amount component shall be payable to the Executive. Such determination shall be made in accordance with Board policy.

The Hospital agrees to review the Executive's salary and other compensation arrangements at such time as the Ontario legislature amends, repeals, or enacts additional Wage Restraint Legislation in a manner which allows public hospitals to adjust the compensation arrangements of executives. Any adjustment to the Employee's compensation arrangements as a consequence of such review may be retroactive to the date that legislation allows such adjustment to occur.

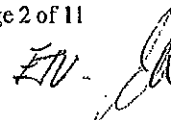
The Executive acknowledges and agrees that any changes to the amount of his compensation, the structure of that compensation, or the conditions for earning the compensation which are a result of further obligations under the Wage Restraint Legislation or any new wage restraint legislation enacted by the Ontario legislature shall not amount to constructive dismissal of the Executive.

3.2 Total Compensation

The Executive shall be eligible to receive total annual compensation of \$168,000.00 comprised of the following:

3.2.1 Base Salary

The Hospital shall pay the Executive an annual Base Salary of \$160,000.00.



3.2.2 Performance Amount

The Hospital and the Executive agree that the remaining \$8,000.00 (or 5%) of the Executive's total annual compensation is a Performance Amount and shall be linked to the achievement of performance targets including those set out in the Hospital's Annual Quality Improvement Plan ("QIP"). The aforementioned targets will be set by the Board and each target shall be assigned a monetary value to a total maximum of the \$8,000.00 Performance Amount. The Board may, in its absolute discretion, recognize of partial achievement of performance targets and approve a corresponding partial payout of the Performance Amount.

To be eligible to receive the Performance Amount, if any, the Executive must be actively employed with the Hospital in the position of CEO on the date when it is payable. The Performance Amount will be payable in respect of achievement of targets by the end of the Hospital's financial year and will be paid in respect of that financial year (pro-rated for the first six months of the Executive's term).

3.3 Vacation

The Executive shall be entitled to five (5) weeks' vacation with pay per year accumulated at the rate of 2.08 days per month of service and paid at 10% of Base Salary. Such vacation shall be taken at a time or times acceptable to the Board in consultation with the Executive, having regard to the Hospital's operational considerations. The Executive **must take** a minimum of two (2) weeks' vacation every calendar year. The Executive may carry forward a maximum of ten (10) days unused vacation to the next calendar year with written approval by the Chair of the Board or designate. Any additional vacation accumulated but not taken or carried forward will be forfeit and shall not be paid out upon resignation, retirement, or termination of employment by either party for any reason.

3.4 Payment

Payment of the Executive's Base Salary, Performance Amount and any other amounts due under this Agreement shall be in accordance with the Hospital's normal payroll practices and shall be subject to such deductions and withholdings as are required by law.

3.5 Benefits

The Executive will participate in the Hospital's Group Benefits Plan applicable to the rest of the Hospital's non-bargaining unit management employees ("the Plan") in accordance with the terms and conditions thereof. The Hospital shall pay 100% of the premium costs of the Plan. The Hospital reserves the right to change the level of benefits and/or the carrier from time to time at its discretion, as long as in doing so, the changes apply to all non-bargaining unit management employees. All decisions with respect to entitlement to benefits shall be determined exclusively by the insurance carrier. The Hospital's sole responsibility is to pay its portion of the premiums as required by this Agreement.

3.6 HOOPP

It is also agreed that the Executive shall participate in the Hospitals of Ontario Pension Plan ("HOOPP") in accordance with its terms and conditions.

3.7 Expenses Incidental to Employment

The Executive shall be entitled to reimbursement for all reasonable and necessary expenses incurred in connection with the performance of duties of employment hereunder, in accordance with the policies, rules and directives of the Hospital as adopted and amended, from time to time. As a condition of such reimbursement, the Executive shall submit verification for the nature and amount of such expenses to the Chair of the Board or designate and in accordance with the reimbursement policies, rules and directives of the Hospital, as adopted and amended from time to time.

3.8 Professional Dues and Membership Fees

The Hospital will reimburse the Executive for professional dues and/or membership fees for organizations or associations related to the Executive's duties with the Hospital to a maximum of fifteen hundred dollars (\$1500.00) per calendar year.

3.9 Moving Allowance

The Hospital agrees to pay a sum of \$20,000.00 on a one-time basis within sixty (60) days of the Start Date to assist the Executive in his move from St. Catharine's, Ontario to the Ottawa, Ontario region (the "Moving Allowance").

If, within the first twelve (12) months of this Agreement, the Executive resigns or the Executive's employment with the Hospital is terminated for cause the Executive shall be required to repay forthwith any and all Moving Allowance already paid. If, within the next twelve (12) months of this Agreement, the Executive's employment is terminated by either party for any reason, the Executive shall be required to repay forthwith fifty percent (50%) of the Moving Allowance.

4.0 **EMPLOYEE COVENANTS**

4.1 Hours of Work

The Executive is expected to work such hours as are necessary to satisfactorily discharge his duties hereunder. As CEO, the Executive acknowledges that he is not covered by the Hours of Work or Overtime provisions of the *Employment Standards Act, 2000* of Ontario.

4.2 Service and Conflict of Interest

The Executive shall well and faithfully serve and promote the interests of the Hospital. The Executive agrees that during the term of this Agreement, including any renewal thereof, the Executive shall devote his full-time and skill to the duties and responsibilities contemplated herein.

Requested participation of the Employee in an external project or other undertaking, deemed advantageous to the Hospital or the Employee's professional development, is subject to the Board Chair's approval. The Hospital agrees to give favourable consideration to allowing the Executive to serve on other Boards in his own time, provided that there are no real or perceived conflicts of interest inherent in such roles.

Without limiting the generality of the foregoing two (2) paragraphs, the Executive shall be subject to conflict of interest requirements established by the Board from time to time, if any, and shall be responsible to recognize and to avoid circumstances that may give rise to or give the appearance of a conflict of interest situation, and, unless he has the prior written consent of the Chair of the Board, he shall not engage in any occupation, business or outside activity, whether or not he receives compensation, without limitation:

- a) that interferes with or appears to interfere with the discharge of his duties and responsibilities under this Agreement;
- b) in which he has an advantage derived from his employment under this Agreement;
- c) in which his work would otherwise constitute employment for another person or entity;
or
- d) in a professional capacity that will, or is likely to influence or affect the carrying out of his duties and responsibilities under this Agreement.

4.3 Executive Conduct

The Executive shall be bound by and shall faithfully observe and abide by all Board policies and all Hospital's rules, regulations, and personnel policies in existence from time to time which are brought to the Executive's notice or of which the Executive ought reasonably be aware. Should there be any conflict between this Agreement and a rule, regulation or policy, this Agreement shall govern unless both parties agree otherwise in writing.

4.4 Confidentiality and Non-Disclosure

The Executive acknowledges that by reason of the nature of his employment functions under this Agreement, the Executive will have access to certain confidential information the disclosure of which may have adverse effects on the Hospital, or the Hospital's patients, employees, volunteers or other stakeholders. The Executive accordingly covenants and agrees to keep secret all information relating to the Hospital's operations, including but not limited to the Hospital's

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business and strategy plans; forecasts and financial strategies; development methodologies; strategies and content; volunteers' contact and personal information; patient's personal health information; and information or data and other property relating to the affairs of the Hospital.

The Executive further covenants and agrees to treat all such information as confidential and that all such information shall remain the property of the Hospital. The Executive shall not during or any time after the commencement of employment with the Hospital use personally or for others, divulge or convey to others, or aid or abet others to divulge or to convey to others any information, knowledge, data or other property relating to the affairs of the Hospital, other than published material properly in the public domain.

Any information, documents, copies, data, tapes or other property shall be returned to the Hospital forthwith upon termination of employment and shall remain the property of the Hospital at all times.

The Executive acknowledges and agrees that he shall comply with all relevant privacy legislation in place from time to time including but not limited to Ontario's *Freedom of Information and Protection of Privacy Act* and *Personal Health Information Protection Act*, as amended from time to time.

4.5 Intellectual Property

The Executive agrees that the Hospital acquires, by virtue of its relationship with the Executive, all intellectual property rights to any and all inventions, processes, procedures, systems, discoveries, designs, configurations, technology, works of authorship, trade secrets and improvements made or created in the course of employment with the Hospital whether or not patentable, whether or not they are made, conceived, or reduced to practice during working hours or using the Hospital's data or facilities (the "Developments"). Included are those Developments which the Executive makes, conceives, reduces to practice, or otherwise acquires during his employment with the Hospital (either solely or jointly with others), and which are related to the Hospital's present or planned operations, services or programs. The Executive will, without further consideration, disclose any and all Developments to the Chair of the Board upon request.

The Executive agrees to waive, and hereby waives, unconditionally and irrevocably any and all of his moral rights and rights of a similar nature which the Executive now has or in the future may have in the Developments (including rights in existing works and works which may come into existence after the date hereof) in which copyright may subsist in each jurisdiction throughout the world, to the extent that such rights may be waived in each respective jurisdiction. All Developments created, in whole or in part, by the Executive may be maintained, changed, modified, and/or adapted by the Hospital without the consent of the Executive.

4.6 Workplace and Travel

The Executive shall be based, and the Executive's duties shall primarily be carried out, at the Hospital's principal place of operations in Kemptville, Ontario, and the Executive shall at all times reside within a reasonable daily traveling distance of the Executive's place of work.

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The Executive may be required to travel from time to time in the performance of his job responsibilities. Compensation for travel expenses shall be in accordance with the Hospital's policies and procedures as amended from time to time.

5.0 TERMINATION

5.1 Executive's Notice of Termination

The Executive shall provide sixty (60) days' notice in writing of his intention to resign from his employment. The Hospital shall have the right to waive the resignation notice period or part thereof by continuing the Executive's Base Salary, vacation pay, HOOPP contributions, and group benefits, if any, for the period so waived.

5.2 Termination by Mutual Agreement

This Agreement may be terminated by mutual agreement of the Executive and the Hospital, in writing.

5.3 Termination in the Event of Death

This Agreement shall terminate immediately in the event of the death of the Executive.

5.4 Termination for Cause

The Hospital may terminate the employment of the Executive hereunder for cause at any time, without notice and without any payment whatsoever, except payment of any statutory entitlements not yet paid to the date of such termination.

For the purposes of this Agreement, "cause" is defined as the Executive's disobedience, misconduct, or refusal or neglect to faithfully perform his duties or discharge his responsibilities pursuant to this Agreement. Without limiting the generality of the foregoing, "cause" shall also be deemed to include but shall not be restricted to the following:

- a) if the Executive has intentionally disregarded or disobeyed any order or instruction of the Board;
- b) if the Executive has committed an act of dishonesty against the Hospital;
- c) if the Executive has breached any of the material provisions of this Agreement;
- d) if the Executive has been convicted of any criminal offence which may adversely affect the reputation of the Hospital in the eyes of its clients, funders, the Government of Ontario or any of its agencies or the public in general;

- e) if the Executive is absent for more than three (3) working days without notifying the Chair of the Board and without reasonable excuse, unless the Executive is prevented from doing so by illness or injury or other extenuating circumstances; or
- f) if the Executive demonstrates a repeated and documented inability to meet the performance objectives established by the Board.

5.5 Termination without Cause

The Hospital may terminate the Executive's employment without cause at any time prior to the Expiry Date upon the provision six (6) months' notice of termination. The notice of termination referred to herein (the "Notice") is inclusive of and not in addition to any and all statutory notice to which the Executive may be entitled to under the *Employment Standards Act, 2000* ("ESA") as amended from time to time.

In the event that this Agreement is renewed in accordance with Article 2.0, the Notice shall be increased by one (1) month for every completed Renewal Year to a total maximum of nine (9) months' notice to the Executive. In the event that the Executive becomes entitled to severance pay under the ESA, the Notice shall be inclusive of this statutory entitlement. Should the Notice fall short of the Executive's entitlements to notice of termination and severance pay pursuant to the ESA, the Notice shall be increased by the minimum required to meet the statutory requirements.

The parties agree that a minimum of three (3) months' of the Notice shall be provided to the Executive as pay in lieu of notice while the remaining Notice can be working notice, payment in lieu of working notice, or a combination of both, subject always to the requirements of the ESA and at the sole discretion of the Hospital.

In the event that the Hospital elects to provide any working notice, then all rights, obligations, and duties of the parties pursuant to this Agreement shall continue in full force and effect to the end of the working notice period including but not limited to the Executive's entitlements to group benefits, pension ("HOOPP") contributions, accrual of vacation, and any other statutory entitlements under the ESA.

If the Hospital elects to provide all or part of the Notice by way of a payment or payments in lieu of notice instead of working notice:

- a) The payments in lieu of notice shall be based solely on the Executive's Base Salary; and
- b) The Executive shall only be entitled to continuation of benefits, HOOPP contributions, accrual of vacation, and any other statutory entitlements for the minimum period required by the ESA. All benefits shall be subject to the terms of the group benefit plans and are subject to carrier approval.

Upon provision of the Notice, however provided, as well as payment of any outstanding compensation and vacation pay, and any additional statutory entitlements under the ESA, the

employment relationship shall be wholly terminated and the Executive shall have no action, cause of action, complaint, demand or claim against the Hospital, its employees or any member of the Board, whether statutory or at common law.

The rights of the Hospital above are without prejudice to any other rights it might have at law to terminate the employment or to accept any breach of this Agreement on the part of the Executive as having brought this Agreement to an end.

5.6 Termination Payments Subject to Deductions

All payments made pursuant to Article 2.0 and 5.0 of this Agreement are subject to such deductions and withholdings as are required by law, and may be the subject of set-off against any amounts owed by the Executive to Hospital at the time of termination.

5.7 Events Upon Termination

In the event of the termination of the Executive's employment by either party for any reason, whether or not with cause and whether or not by notice or in any other manner whatsoever, the Executive shall:

- a) deliver to the Hospital all documents, books, materials, records, correspondence, papers, and information (on whatever media and wherever located) relating to the affairs of the Hospital. The Executive shall not be entitled to retain any copies of such documentation;
- b) deliver to the Hospital all the objects that the Executive has received from the Hospital, including but not limited to cellular phone, hardware and software, credit cards, keys to the workplace, as well as any other property belonging or relating to the Hospital which may be in the Executive's possession or control;
- c) irretrievably delete any information relating to the affairs of the Hospital stored on any disc, external hard drive or memory stick and all matter derived from it which is in the Executive's possession, custody, care, or control outside the premises of the Hospital and shall produce evidence of compliance with this sub-clause; and
- d) resign any office or appointment held by the Executive with the Hospital or related entity without any claim for compensation or damages for loss of such office or appointment and the Executive hereby irrevocably appoints the Hospital as the Executive's attorney to execute letters of resignation of such offices or appointments on the Executive's behalf.

6.0 **GENERAL**

6.1 Articles and Headings

The division of this Agreement into Articles and the insertion of headings are for the convenience of reference only and shall not affect the constructions or interpretation of this Agreement.

6.2 Entire Agreement

This Agreement constitutes the entire Agreement between the parties with respect to the subject matter and there are no other understandings or agreements between them. The parties agree that this Agreement supersedes and voids all previous contracts, agreements or arrangements, whether oral, written or implied as between the parties.

6.3 Amendments and Waivers

No amendment to this Agreement shall be valid or binding unless set forth 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.

6.4 Severability

If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.

6.5 Assignment

This Agreement shall be binding on and enure to the benefits of the successors and assigns of the Hospital. The rights of the Employee pursuant to this Agreement are not assignable or transferrable in any manner whatsoever.

6.6 Notice

Any notice in writing, required or permitted to be given to the Executive or the Hospital under this Agreement shall be sufficiently given in writing and shall be either delivered personally to the Executive or the Hospital or mailed by registered mail; postage prepaid, addressed to the Executive at his last known address with the Hospital and to the Hospital at 2675 Concession Road, Kemptville, Ontario K0G 1J).

Any notice, request, demand or other communication given by mail as mentioned or posted anywhere in Canada, shall be deemed to have been received on the second business day following the posting of it. Any party may change its address by notice served as mentioned.

6.7 Governing Law

This Agreement shall be governed by, interpreted, and construed in accordance with the laws of the Province of Ontario, and the law of Canada applicable therein, and the parties to this Agreement hereby submit to the exclusive jurisdiction of the Courts of Ontario. Any legal action

