

EMPLOYMENT CONTRACT

THIS AGREEMENT made on this 3rd day of June, 2005¹.

LAKE OF THE WOODS DISTRICT HOSPITAL

a body corporate (hereinafter called the "Hospital")

- and -

MARK MICHAEL BALCAEN

Of the city of Kenora, in the Province of Ontario (hereinafter called the Chief Executive Officer ("CEO"))

WHEREAS the Hospital wishes to employ the CEO and that the CEO wishes to be employed by the Hospital in the capacity and upon the terms and conditions set forth in this agreement; and

WHEREAS the execution of this agreement has been approved by the Board of Directors of the Hospital;

NOW THEREFORE IN CONSIDERATION of the mutual promises and covenants contained herein, the parties hereto agree as follows:

1. EMPLOYMENT

- a. Subject to the terms and conditions set out in this agreement, the Hospital agrees to employ Mark Michael Balcaen as its CEO and he agrees to work for the Hospital in such capacity and to perform such duties and exercise such powers as may be prescribed or specified from time to time by the By-laws of the Hospital or by the Board of Directors (the "Board") of the Hospital.
- b. During the term of this agreement, the CEO shall faithfully perform his assigned duties and apply his best efforts to promote the interests of the Hospital.

2. EXCLUSIVE SERVICE

The CEO shall devote the whole of his working time and attention to the business affairs of the Hospital and its affiliated and subsidiary corporations and shall not, without the prior written consent of the Board (which shall not be unreasonably withheld, provided that such outside activity does not impair the CEO's ability to provide service to the Hospital), engage

¹ As amended by Board resolutions dated October 1, 2009.

either directly or indirectly in any other business or occupation of a permanent, temporary or part-time nature.

3. NON-DISCLOSURE

The Executive Director shall not (either during the term of his employment or at any time thereafter) disclose any information relating to the private or confidential affairs of the Hospital to any person other than for the purposes of the Hospital.

4. TERM OF EMPLOYMENT

The term of employment hereunder shall be for an indefinite period of time, subject to termination in accordance with sections 10, 11 and 12 hereunder.

5. PERFORMANCE REVIEWS

The Board or Executive Committee shall conduct an annual performance review based on an assessment of performance against objectives agreed upon.

6. COMPENSATION

The Hospital shall pay the CEO during each year of the term of this agreement an annual fixed salary (less deductions required by law), which shall be payable in accordance with the Hospital's payroll practices. Future salary increments will be based on the applicable governance policies determined by the Board.

7. BENEFITS

Except as otherwise provided for by this agreement, during the term of this agreement the CEO will be entitled to participate in such benefit plans as may be established by the Hospital for its employees from time to time. Upon the execution of this agreement, the benefits are those listed in Schedule "A".

8. CONTINUING EDUCATION AND PROFESSIONAL DEVELOPMENT

Five days per year will be allocated to the CEO for professional development. To assist the CEO in his continued professional development, the Hospital may require the CEO to attend specific educational programs. The expenses for such programs will be paid by the Hospital. The prior approval of the Board or the Governance Committee will be obtained for all such programs outside the Province of Ontario.

9. VACATION

The CEO shall be entitled to six (6) weeks' paid vacation. The CEO shall have the option of a pay out of any unused vacation days as per Hospital policy.

* Board motion October 1, 2009 vacation entitlement increased to 40 days per year.

10. NOTICE OF TERMINATION BY THE CEO

The CEO may resign from his employment at any time provided he provides the Hospital with six months' notice in writing.

11. TERMINATION OF EMPLOYMENT BY HOSPITAL FOR CAUSE

The Hospital may terminate the employment of the CEO 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 the following:

- a. demonstrated incompetence and/or gross neglect of duty;
- b. insubordination;
- c. committing any wilful act of dishonesty or wilful neglect in performance of duties;
or
- d. the conviction of the CEO by indictment of any offence under the Criminal Code (Canada).

12. TERMINATION OF EMPLOYMENT BY THE HOSPITAL WITHOUT CAUSE

Should the Hospital terminate the CEO's employment without cause, the CEO shall be entitled to the following:

- a. A lump sum payment equivalent to 12 months' salary, plus an additional one month of salary per completed years of employment in the CEO position, up to a maximum amount equivalent to 24 months' salary.
- b. Benefits shall continue for the period encompassed by the lump sum payment.
- c. The parties confirm that the provisions contained in sections 12(a) and (b) are fair and reasonable and the parties agree that upon termination of employment without cause by the Hospital the CEO shall have no action, cause of action, claim or demand against the Hospital or any other person or legal entity as a consequence of such termination, other than an action in respect of the amounts described in 12(a) and (b).

13. PENSION PLAN

The CEO will enroll in the Hospitals of Ontario Pension Plan ("HOOPP") effective from the date of the commencement of his employment under this agreement and will pay the member contributions required thereunder, by means of deductions from salary.

14. DIRECTION REGARDING DEDUCTIONS

The CEO irrevocably directs the Hospital to deduct from his salary any amounts owed by him to the Hospital (including, without limitation, any payments for the benefits herein described and any amounts or advances for which the Hospital is to be reimbursed).

15. NOTICES

Any demand notice or other communication (in this Section referred to as a "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 the CEO: 36 Lakeshore Drive
Kenora, Ontario
P9N 1W1

To the Hospital: 21 Sylvan Street, West
Kenora, Ontario
P9W 3W7

Attention: Chair, Board of Directors

or any such other address or individual 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 second day, other than a Saturday, Sunday or statutory holiday in Ontario, following the deposit thereof in the mail. 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.

16. GOVERNING LAW

This agreement shall be deemed to have been made in and shall be construed in accordance with the laws of the Province of Ontario and for the purposes of all legal proceedings in this agreement shall be deemed to have been performed in the Province of Ontario.

17. ENTIRE AGREEMENT

This agreement constitutes and the entire agreement of the parties with respect to the employment of the CEO and supersedes all prior arrangements, representations or understandings between the parties.

18. SEVERABILITY

Should any provision of this agreement become invalid, illegal or not enforceable it shall be considered separate and severable from the agreement and the remaining provisions shall remain in force and binding upon the parties as though such provisions had not included.

19. SUCCESSORS AND ASSIGNS

This agreement shall enure to the benefit of and be binding upon the heirs, executors, administrators and assigns of the CEO and upon the successors and assigns of the Hospital.

IN WITNESS WHEREOF the parties hereto have executed this agreement as of the date first above written.

SIGNED, SEALED AND DELIVERED in the presence of:

Witness

Ferg Penner
Chair of the Board

Lake of the Woods District Hospital

Witness

Mark Michael Balcaen

SCHEDULE "A"

1. Six weeks vacation* Board motion October 2, 2008 vacation entitlement increased to 35 days per year as per non-union manager vacation policy.
2. Ten statutory holidays plus two floaters
3. Five days professional development
4. HOODIP. 75/25
5. Semi-private 100% by Hospital
6. Extended Health Care 75/25
7. Dental 75/25
8. Life Insurance (HOOGLIP) 100% by Hospital
9. HOOPP as per HOOPP schedule
10. Salary - \$170,000 per annum, subject to annual adjustment in accordance with Article 6*. Currently
11. Mileage allowance - as per the Hospital's current policy
12. Automobile Insurance - the difference in cost incurred, if applicable, to upgrade the CEO's personal automobile insurance from personal to business .