

EMPLOYMENT AGREEMENT

THIS AGREEMENT made this 21st day of December, 2017

BETWEEN:

ST. JOSEPH'S HEALTH SYSTEM (the "System")

- and -

DR. KEVIN SMITH

of the City of Hamilton, in the province of Ontario (the "Employee")

WHEREAS St Joseph's Health System wishes to continue to employ the Employee in the capacity of President and Chief Executive Officer of the System;

AND WHEREAS the Employee has signified his willingness to continue to be employed by the System in this capacity and upon the terms set forth in this Agreement;

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

1. EMPLOYMENT

- 1.1 This Agreement is effective December 21, 2017 (the "effective date"). The Employee shall continue in the position of President and CEO of the System and the terms and conditions set out in this Agreement.
- 1.2 The Employee agrees to perform the duties and exercise such powers as may be prescribed or specified from time to time by members of the Board of Directors of the System. The current Position Description is attached as Appendix A to this Agreement for reference purposes.
- 1.3 The Employee shall devote the whole of his working time and attention to the business and affairs of the System and shall not, without the written consent of the Employer, engage either directly or indirectly in any other business or occupation of a permanent, temporary or part time nature. The Employee may participate on other boards of directors with the prior written consent of the Chair of the Board of Directors of the System.

- 1.4 The Employee acknowledges that he will acquire information about certain matters and things which are confidential. The Employee undertakes not to disclose any information relating to the private or confidential affairs of the System and any of its member organizations or foundations to any third party, either during his employment or after, except as may be necessary in the proper discharge of his duties, as required by law, or with the prior written consent of the System.
- 1.5 As of the effective date, this Agreement replaces and supersedes any prior agreement or contract between the Employee and the System and/or any of its member organizations or foundations relating to the Employee's employment. In particular, as of the effective date the employment agreement between St. Joseph's Healthcare, Hamilton and the Employee dated August 1, 2011, will be replaced by this Agreement and will no longer be of any force and effect and it is agreed that there will be no outstanding obligations under that prior agreement.

2. COMPENSATION AND BENEFITS

- 2.1 The System shall pay the Employee an annual salary of \$564,500. The Employee is eligible for a performance based adjustment up to a maximum of the 15% reduction in salary that became effective April 1, 2011, subject to an evaluation of his performance in meeting the approved goals of the System Strategic Plan. Increases in salary shall be at the discretion of the System and shall be dependent upon an annual performance and compensation review and compensation discussion with the Employee. Any compensation adjustment shall, except in unusual circumstances, become effective April 1st of any year. The Employee's compensation, benefits, and any other remuneration is subject to and may be amended pursuant to all current and future applicable legislation and directives, including but not limited to the *Excellent Care for all Act, 2010*, the *Broader Public Sector Accountability Act, 2010*, the *Broader Public Sector Executive Compensation Act, 2014* and any compensation frameworks established or created pursuant to the *Broader Public Sector Executive Compensation Act, 2014* and O. Reg. 304/16 thereunder.
- 2.2 Annual performance reviews will be conducted by the System utilizing a set of objectives and criteria for measurement to be agreed upon in writing by the System and the Employee and are thereby incorporated by reference into this Agreement.
- 2.3 The Employee shall be entitled to participate in all benefits applicable to the position of President and Chief Executive Officer at the System, including medical/System benefits and life insurance and disability plans, together with such enhancements or additional benefits as may be available and as the Employee may elect. Unless otherwise noted, benefit costs will be divided between System/employee as per normal System practice, except the System agrees to pay both the Employee portion and the System portion of the benefit contribution for:

- (a) Basic life insurance of two and one-half times the annual salary at the cost of the Employer. If the total insurance coverage is in excess of the policy insurable maximum, the System will endeavor to obtain supplementary coverage to ensure two and one half times the annual salary coverage is in place;
 - (b) Group, dental and extended health benefits as per System executive plan;
 - (c) Long term disability; and
 - (d) the Hospitals of Ontario Pension Plan (HOOPP).
- 2.4 The System, notwithstanding anything else contained herein, agrees to maintain until age 65 dental and Extended Health insurance coverage on the same terms and conditions as are currently provided under the System's existing Group Benefit plans or as is permissible under the terms of such plans. The System acknowledges that this condition will survive the expiry of this Agreement.
- 2.5 The Employee may, if he so wishes, advise the System to deduct from his compensation the cost to obtain additional life insurance coverage in the amount of up to \$150,000.00 in addition to basic life insurance of two and one half times the annual compensation.
- 2.6 The Employee shall be entitled to six (6) weeks of paid vacation per calendar year during the period April 1 to March 31. Unused vacation will be accumulated on an actual basis and may be carried forward in accordance with the System's practice for other employees. On termination all unused vacation will be paid to the Employee calculated using the compensation of the Employee at the time of termination.
- 2.7 The System agrees to provide automobile insurance for the employee under the System's Plan, as well as covering the costs of maintenance and repairs. The Employee shall be responsible, in all other respects, for the costs of owning or leasing the automobile.
- 2.8 The System agrees to continue the existing retirement compensation arrangement (as defined in subsection 2480) of the *Income Tax Act*) that has been established for the benefit of the Employee in order to provide the Employee with supplemental retirement benefits (in addition to his HOOPP pension) and for which the amount contributed is separately agreed to between the parties.

3. EXPENSES

3.1 It is understood and agreed that the Employee will incur expenses in connection with his duties under this Agreement. The System shall reimburse the Employee for any reasonable expense actually incurred by the Employee in the performance of his duties and responsibilities in accordance with the policies of the System.

3.2 The System regards it as necessary for the Employee to maintain professional and community contacts and will pay membership dues actually incurred by the Employee in the following organization:

- (a) Canadian College of Health Care Executives;

4. TERM AND TERMINATION

4.1 This Agreement shall continue until terminated in accordance with the provisions hereof. It is understood that the terms and conditions of this Agreement shall continue in force notwithstanding that the position and/or duties performed by the Employee may change from time to time.

4.2 The System shall have the right to terminate this Agreement without cause, and in such case the appropriate reasonable notice period will be twenty-four (24) months. Payment in respect of a termination without cause will be twenty-four months of compensation plus the replacement value of those benefits not otherwise being continued for that period. Termination without cause for the purpose of this Agreement shall include but not be limited to:

- (a) A demotion of the Employee as most senior executive of the Employer or any successor;
- (b) A reassignment of the Employee to a position having less responsibility than the position as Chief Executive Officer;
- (c) A reduction in the total compensation or in Base Salary or in Benefits being paid by the System to the Employee as of the commencement of this Agreement;

- (d) Any material change made unilaterally by the System in the duties or status of the Employee, which change has not been accepted by the Employee;
- (e) The appointment of a supervisor for the System under the Public Hospitals Act which infringes upon the authority of the Employee as the President and Chief Executive Officer of the System; or
- (f) Any decision of the Minister of Health and Long Term Care, the Ministry of Health and Long Term Care of a Local Health Integration Network that substantially or significantly infringes upon the authority of the Employee as the President and Chief Executive Officer of the System or any other managed entity under the jurisdiction of the Minister or Ministry.

4.3 The System may terminate this Agreement at any time for cause without payment of any compensation, save and except for any remuneration earned prior to the date of such termination. Cause, for the purposes of this Agreement, shall include but is not limited to the following:

- (a) any material breach of the provisions of this Agreement;
- (b) gross neglect of duty;
- (c) disregard or disobedience of any reasonable resolution of the Board;
- (d) commission of any willful act of dishonesty or willful neglect in performance of duties;
- (e) conviction of the Employee of any indictable offence under the Criminal Code of Canada;

Failure by the System to rely on the provisions of this paragraph in any given instance or instances shall not constitute condonation or be deemed a waiver.

4.4 This Agreement shall be terminated upon the death or permanent long term disability of the Employee. In the event that Agreement is terminated upon the permanent long term disability of the Employee, the System will pay to the Employee twenty-four (24) months compensation plus replacement value of his benefits for that period payable after the termination of the disability benefits that the Employee may otherwise be entitled.

5. EMPLOYER'S PROPERTY

5.1 The Employee acknowledges that all items of any and every nature or kind created or used by the Employee pursuant to the Employee's employment under this Agreement, or furnished by the System to the Employee, and all equipment, credit cards, books, records, reports, files, diskettes, manuals, literature,

confidential information or other materials shall remain and be considered the exclusive property of the System at all times and shall be surrendered to the System upon the request of the System, or in the absence of a request, on the cessation, termination or ending of the Employee's employment with the System.

6. GENERAL PROVISIONS

6.1 Except as provided above, the terms and conditions of this Agreement may be amended at any time by mutual written agreement of the parties.

6.2 Notice under this agreement may be delivered:

(a) To the Board

(i) By personal delivery to the Chair, or

(ii) At a meeting of the Governance Committee

(b) To the Employee,

(i) By personal delivery, or

(ii) By registered mail to his residence.

6.3 The provisions hereof shall be governed by and interpreted in accordance with the laws of the province of Ontario.

6.4 The invalidity of any particular provision of this Agreement shall not affect the validity of any other provision.

6.5 With the exception of the separate agreement referenced in section 2.8, this Agreement constitutes the whole and only agreement between the parties hereto and neither shall have any claim against the other with respect to any agreement or understanding, written or oral, made prior to the date hereof.

6.6 The Employee may not assign, pledge or encumber the System's interest in this Agreement nor assign any of the rights or duties of the Employee under this Agreement without the express prior written consent of the System. The Agreement shall be binding upon and enure to the benefit of the successors and assigns of the System and the heirs, executors, administrators, successors and assigns of the Employee.

IN WITNESS WHEREOF the parties hereto have executed this Agreement, this 7th day of March, 2018,

SIGNED, SEALED AND DELIVERED – Signed copy available in the Office of Vice President, People and Organizational Effectiveness, St. Joseph’s Healthcare Hamilton

In the presence of

Witness

DR. KEVIN SMITH

ST. JOSEPH’S HEALTH SYSTEM

Per: _____

**Dr. Anne Anderson csj
President and Chair**

Schedule "A"

Position Description

**St. Joseph's
Health System**

President and Chief Executive Officer

President and Chief Executive Officer, St. Joseph's Health System (SJHS) that includes;

- St. Joseph's Lifecare Centre (Brantford),
- St. Mary's General Hospital (Kitchener),
- St. Joseph's Health Centre (Guelph),
- St. Joseph's Villa (Dundas),
- St. Joseph's Home Care (Hamilton),
- St. Joseph's Healthcare Hamilton (Hamilton), International Outreach Program.

CEO, Niagara Health System

REPORTING RELATIONSHIP

SJHS Board of Directors

POSITION SUMMARY

As the senior officer of SJHS, the incumbent is responsible for all strategic and operational management, and ensuring positions, processes and outcomes are aligned with the Mission, Vision and Values of SJHS. Central to the role is the evolution of the culture of SJHS to be the leader in Catholic Health Care in Canada. In leading the Senior Team the incumbent is responsible for succession planning and team development throughout SJHS.

KEY RESPONSIBILITIES

Mission Integration

1. Build culture consistent with values and the foundational principles of Catholic Health Care, including excellence in spiritual care and programs/services focused on the poor and marginalized;
2. Develop an orientation and continuing education program to address the requirements for management and staff development including an appreciation and understanding of SJHS mission and values and key principles of effective faith based stewardship in the context of Catholic Health Care;
3. Ensure compliance with the Catholic Health Alliance of Canada (CHAC) Health

Ethics Guide throughout the organization;

4. Develop an effective branding and marketing strategy emphasizing leadership in value-based care across the health care continuum of programs and services in the tradition of the Sisters of St. Joseph of Hamilton;
5. Ensure that programs, services, activities, and methods of operation are in keeping with SJHS mission, vision and values;
6. Be seen as a visible and passionate advocate for SJHS, the value added contributions of Catholic Health Care and the legacy of the Sisters of St. Joseph of Hamilton to both internal and external stakeholders.

Strategic

1. Set and effectively implement vision and strategy consistent with the mission and values of SJHS and the legacy of the Sisters of St. Joseph of Hamilton;
2. Develop an implementation strategy, work plan, and evaluation framework for management-related recommendations for the SJHS Corporate Renewal process. Work with the Board and Governance Committee to develop an implementation strategy for governance-related recommendations for the Corporate Renewal process;
3. Establish an academic culture, with focus on education and research throughout the health care continuum-home care, long term care, complex care, acute care, mental health and community-based programs;
4. Work with the St. Joseph's Health System Foundations/CEO Group to ensure that the strategic vision of Foundations is aligned with SJHS;
5. Ensure that all programs and services including home care, long term care, complex care, rehabilitation, acute care, mental health, community-based programs and international outreach are integrated into a comprehensive strategic planning process with measurable indicators of success;
6. Establish a comprehensive succession planning program for executive and management positions in SJHS;
7. Initiate, maintain, and coordinate short, medium and long range strategic planning at all levels in the organization.

Stewardship

1. Maintain excellent relations and a shared vision with key partners both locally and internationally including federal, provincial and municipal levels of government, the Ontario Ministry of Health and Long Term Care, Local Health Integration Networks, health care organizations, universities and community colleges.

2. Recommend appropriate SJHS governance policies and procedures to ensure that all fiduciary responsibilities are met;
3. Ensure that all member organizations comply with SJHS bylaws, policies and procedures;
4. Provide the Boards of Directors and member Boards of Trustees with timely, accurate and adequate information for the formulation of policies, setting of goals and objectives and consideration of financial proposals;
5. Act as Secretary of the SJHS Board of Directors and the standing and ad hoc committees of the Board ;
6. Ensure that the decisions of the Board of Directors are carried out by the member organizations;
7. Keep the Chair of the Board of Directors and Chairs of member Boards abreast of relevant developments affecting SJHS;
8. Act as a liaison, resource to member Foundations;
9. Ensure an effective transition of sound management structures, systems and procedures are established and maintained for effective decision making and communications and, thereby, maximizing patient/resident/client welfare and the efficient and effective utilization of physical, financial and human resources;
10. Ensure that decisions, policies and practices formulated by SJHS personnel conform to federal, provincial, municipal government regulations comply with all regulatory agencies, and to Board policies and Board approved procedures;
11. Select, evaluate, counsel and develop staff who directly report to position;
12. Ensure that adequate physical, financial and human resources are available to Departments in SJHS;
13. Direct the production of the annual operating plans and budgets, capital equipment budgets, and, where applicable, advises the Board of Directors in a timely and adequate fashion if the rate of actual expenditures in either or both budgets is in excess of that budgeted, along with the reasons for over-expenditure. Furthermore, advises the Boards of Directors as to the steps that will be taken to remedy these over-expenditures;
14. Together with the Board Chair acts as the official representative and chief spokesperson for SJHS;
15. Ensure that high quality of care and patient safety is practiced in SJHS;
16. Provide ongoing liaison between SJHS member organizations, and the Public Juridic Person of the Diocese of Hamilton.

17. Stay abreast of developments in the health care field through professional affiliations, continuing education and involvement with relevant health care associations;
18. Carry out all other duties and responsibilities of the position, as dictated by legislation, regulations and/or deemed appropriate by the Boards of Directors.

EDUCATION AND FORMAL TRAINING

- a) Education and Formal Training - Minimum Master's preparation
- b) Special skills or training:
 - i. Previous experience in managing large, complex organizations across the health care continuum;
 - ii. Appreciation of the culture and ethos of Catholic healthcare
 - iii. Demonstrated skill and excellence with media/presentation expectations
 - iv. Track record of effective fiscal management

v. Experience in government
liaison/relationship
management

vi. Governance knowledge and
experience

EXPERIENCE: Greater than 10 years academic health science setting in senior management
position preferred

DIRECT AND INDIRECT REPORTS

- President, St. Joseph's Lifecare Centre & St. Joseph's Villa
- President, St. Mary's General Hospital
- President, St. Joseph's Health Centre Guelph
- President, St. Joseph's Home Care
- President, St. Joseph's Healthcare Hamilton
- President, International Outreach Program
- President, Niagara Health System