

## PRESIDENT & CHIEF EXECUTIVE OFFICER

THIS AGREEMENT made as of the 26th day of March, 2015.

BETWEEN:

**RIVERSIDE HEALTHCARE FACILITIES**  
a corporation incorporated under the laws of the  
Province of Ontario and having its principal place  
of business in Ontario

(hereinafter referred to as "Riverside")

and

**THEODORE A. SCHOLTEN**

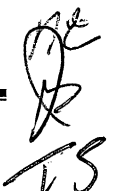
(hereinafter referred to as "CEO")

WHEREAS Riverside desires to obtain the benefit of the services of the CEO, and the CEO desires to render such services on the terms and conditions set forth in this Agreement.

IN CONSIDERATION of the CEO's performance of the obligations contained in this Agreement, Riverside's payment of remuneration to the CEO, and for other good and valuable consideration set forth herein, the Parties agree as follows:

### 1. Employment

- 1.1 Riverside will employ the CEO as its President and Chief Executive Officer. The CEO agrees that he will at all times faithfully, industriously, and to the best of his skill, ability, experience and talents, and to the highest professional standards, perform all of the duties required of his position.
- 1.2 In carrying out these duties and responsibilities, the CEO shall comply with all Riverside policies, procedures, rules and regulations, which are announced by Riverside from time to time.
- 1.3 The CEO will be expected to obtain a Certified Health Executive designation or an equivalent, and he will be expected to so within 36 months from commencing in the position of President and Chief Executive Officer, as approved by the Board. The CEO will be reimbursed for any expenses associated with the designation, or an equivalent, in accordance with paragraph 6.5.

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- 1.4 The CEO will provide his full time and attention to his job duties and responsibilities and exclusively represent the interest of Riverside at all times. Any exceptions to this, such as involvement on Boards, shall be approved by the Riverside Board in advance.

It is understood and agreed to by the CEO that Riverside may make alternations to his assignments, duties and responsibilities without causing the termination of this Agreement, provided that such alternations maintain the assignments, duties and responsibilities that are reasonably commensurate with those of a President and Chief Executive Officer.

- 1.5 The CEO warrants that in carrying out the duties and responsibilities set out in this Agreement, he will not intentionally infringe, contravene, breach, interfere with or harm any rights of any person or entity, including (but not limited to) any intellectual, property, moral, confidentiality, contractual or common law rights except that no breach of this clause may be found in circumstances involving the CEO's compliance with the directions of the Board of Directors (the "Board").
- 1.6 Additional terms and conditions of employment of the CEO shall be governed by the policies and procedures of Riverside, as may be in effect from time to time, however this Agreement shall govern in the event of any inconsistency between this Agreement and any such policies and procedures.

## 2. Appointment and Term

- 2.1 The term of the CEO's employment as President and Chief Executive Officer shall be fixed for a period of five (5) years commencing April 1, 2015 and ending March 31, 2020 (the "Term"), unless terminated prior to the expiry of the Term in accordance with the provisions at paragraph 7. Upon the expiration of the Term, and in the absence of an agreement to renew, the employment of the CEO will be deemed terminated on March 31, 2020. For greater clarity, no notice of termination will be necessary at the expiration of the Term, the CEO will not be entitled to any notice of termination or pay in lieu thereof, and the CEO will have no claim for damages or otherwise against Riverside, its officers, directors, servants, agents or employees in respect of the expiration of the Term.

## 3. Remuneration

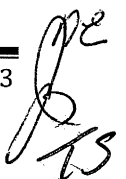
- 3.1 As full compensation for all services provided for herein, Riverside shall pay to the CEO a base salary of \$185,250.00 per annum, to be paid in arrears and in accordance with Riverside's regular payroll practice.
- 3.2 All or some of the remuneration will be subject to statutory deductions as Riverside is from time to time required to make pursuant to law.

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- 3.3 The CEO's compensation is subject to the *Excellent Care for All Act, 2010*, as amended ("ECFAA"), and the *Broader Public Sector Accountability Act, 2010*, S.O. 2010, c.25, as amended (the "BPSAA"). In accordance with the ECFAA, a percentage of the CEO's base salary (5% for 2015-16) will be held back and subject to achieving targets as set out in Riverside's annual Quality Improvement Plan.
- 3.4 The percentage and targets are determined and published annually by the QIP Committee in consultation with the CEO and approved by the Board. Adjustments to the CEO's base salary set out at paragraph 3.1 are at Riverside's sole discretion.
- 3.5 An additional 3% of the CEO's salary will be held back and will be subject to the CEO's achievement of goals related to the Performance Appraisal process. The factors upon which the Performance Appraisal goals will be based will be negotiated and mutually agreed upon on an annual basis, within 60 days of each anniversary of the CEO's commencement in the President and Chief Executive Officer position, and will be subject to Board approval.

#### 4. Expenses

- 4.1 Subject to Riverside policies, the CEO shall be entitled to reimbursement for reasonable expenses incurred by him on Riverside's behalf and in the course of his employment. All expenses must be incurred in accordance with Riverside's policies. The CEO will present on a monthly basis an itemized account of such expenses, together with such vouchers and other receipts as Riverside may request or the Canada Revenue Agency may require.
- 4.2 The CEO shall be entitled to reimbursement for relocation expenses, including but not limited to legal fees associated with his acceptance of the President and Chief Executive Officer position, up to a maximum amount of \$30,000.00. Such amounts shall be payable upon receipt by Riverside of the appropriate supporting invoices and documentation. An advance payment of up to \$5000.00 against these expenses may be made upon the request of the CEO.
- 4.3 In the event the CEO chooses to leave the full-time employment of Riverside, or is terminated for cause before completing two (2) years of service, the CEO shall be required to refund a portion of the relocation expenses paid to the CEO, on the CEO's behalf set out in Section 3. The amount to be refunded will be calculated on the basis of 1/24<sup>th</sup> of the total allowance for each month of the two-year period not served. The refund will be deducted from the CEO's final wages (including but not limited to salary/vacation payments), and any balance remaining must be repaid by the CEO.

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## 5. Vacation

- 5.1 The CEO shall be entitled to four (4) weeks paid vacation in his first contract year and five (5) weeks paid vacation in each of the remaining years of the contract.
- 5.2 In keeping with Riverside's policy, unused vacation is not to be carried over to the next year except in unusual circumstances authorized by the Board. The carried-over vacation is to be used and will not be paid out, unless the CEO's employment is terminated by either party before its utilization.

## 6. Benefits

- 6.1 The CEO will be entitled to participate in any benefit insurance and/or pension plan which may be available to Riverside employees.
- 6.2 The Board is committed to ongoing professional and executive development of the CEO and will reimburse the CEO for approved expenses for attendance at, but not limited to, seminars and conferences.
- 6.3 The Board supports participation in appropriate external activities in the community or professional organizations as approved by the Board from time to time and the organization will reimburse the CEO for all approved expenses associated with such participation.
- 6.4 The CEO will be reimbursed for the CEO's professional fees in up to two (2) health care professional associations as approved by the Board.
- 6.5 The CEO will be reimbursed for any fees associated with the CEO's obtaining of a Certified Health Executive designation, or an equivalent, as well as any reasonable costs associated with the CEO's participation in executive coaching. In the event the CEO chooses to leave the full-time employment of Riverside, or is terminated for cause before completing two (2) years of service, the CEO shall be required to refund a portion of any fees reimbursed to the CEO for the purposes set out in this paragraph. The amount to be refunded will be calculated on the basis of 1/24<sup>th</sup> of the total fees for each month of the two-year period not served. The refund will be deducted from the CEO's final wages (including but not limited to salary/vacation payments), and any balance remaining must be repaid by the CEO.

## 7. Termination of Agreement

- 7.1 The Parties agree that the CEO's employment under this Agreement may be terminated as follows:

- (a) by the CEO, at any time, for any reason, on giving at least one hundred and eighty (180) days' written notice to Riverside. In the event the CEO should provide written notice, Riverside may waive such notice and the CEO shall be paid his regular base salary up to the date of termination, inclusive of all employment benefits.
  
- (b) by Riverside, in its absolute discretion, without any notice or pay in lieu of notice, for cause. For the purposes of this Agreement, cause includes, but is not limited to, the following:
  - (i) any material breach of the provisions of this Agreement which is not corrected within fourteen (14) days of receipt by the CEO of notice of said breach;
  - (ii) any conduct of the CEO which in the reasonable opinion of Riverside tends to bring himself or Riverside into disrepute; or;
  - (iii) conviction of the CEO of an indictable criminal offence for which no pardon has been or is granted.
  
- (c) by Riverside in its absolute discretion and for any reason whatsoever upon providing the CEO with the following:
  - (i) **in the first year of employment**, up to and including the first anniversary date of the commencement of the CEO's employment, written notice of the termination of the CEO's employment equal to six (6) months. In the event of the provision of such written notice, all remuneration and benefits to which the CEO is entitled at the time of the provision of written notice shall continue throughout the six months working notice period; or
  - (ii) in lieu of working notice set out at (i), and subject to the claw-back provision set out at paragraph 7.3:
    - (A) payment in an amount equal to six (6) months' base salary, either paid as a lump sum payment or as a salary continuance, less applicable statutory deductions, at the discretion of Riverside; and
    - (B) to the extent allowed by the relevant insurers, continuation of all benefits set out at paragraph 6 (except any disability or life/ADD insurance benefit, which will cease immediately) for a six (6) month period subsequent to the date of termination

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- (iii) **in or after the second year of the CEO's employment**, written notice of the termination of the CEO's employment equal to the greater of:
  - (A) twelve (12) months; and
  - (B) one (1) month for every full year of employment of the CEO.
- (iv) in lieu of the working notice set out at (iii), and subject to the claw-back provision set out at paragraph 7.3:
  - (A) payment in an amount prescribed in (iii), either as a lump sum payment or as a salary continuance, subject to applicable statutory deductions; the choice of lump sum versus salary continuance shall be made at the sole discretion of Riverside; and
  - (B) to the extent allowed by the relevant insurers, continuation of all benefits set out at paragraph 6 (except any disability or life/ADD insurance benefit, which will cease immediately) for the same number of months as calculated in paragraph 6.1(c)(iii) which are subsequent to the date of termination.

7.2 The amounts set out at (b) and (c) above represent the full extent of the CEO's contractual, statutory and common law entitlements at termination.

7.3 The CEO shall be obligated, following termination of employment, to make reasonable efforts to obtain reasonable alternative employment. Should the CEO obtain alternative employment or become self-employed during the applicable notice period, Riverside will cease making termination payments hereunder and will pay the CEO fifty per cent (50%) of any unpaid balance of termination payments in full and final settlement of its obligations hereunder.

7.4 In the event of any termination of the CEO's employment and/or this Agreement, howsoever caused, the CEO shall take steps immediately to replace any disability or insurance benefit provided to the CEO by Riverside. The CEO acknowledges that Riverside cannot guarantee in any way that any disability or insurance benefits provided to the CEO by Riverside can be maintained on his behalf after termination.

7.5 In the event of termination of the CEO's employment and/or this Agreement, howsoever caused, the CEO shall tender his resignation of all director and/or officer positions pertaining to or related to Riverside.

7.6 The CEO acknowledges that all items of any and every nature or kind created or used by the CEO pursuant to his employment under this Agreement, or furnished by Riverside to the CEO, and all computer equipment, cell phones, credit cards,

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books, records, reports, files, manuals, literature, confidential information or other materials and duplicates thereof, shall remain and be considered the exclusive property of Riverside at all times and shall be returned to Riverside, in good condition, promptly at the request of Riverside, or in the absence of a request, on the termination of the CEO's employment with Riverside. The only exception to this will be items, property and information which the CEO had prior to his employment with Riverside.

- 7.7 Riverside and the CEO may renew this Agreement upon its expiry on such terms and conditions as they may, in writing, agree. Either party may give notice in writing to the other on or before October 1, 2019, of the desire to negotiate a further agreement term.

## 8. Confidential Information and Non-Competition and Non-Solicitation

- 8.1 During and following the term of this agreement, the CEO shall not divulge any information of a character confidential to Riverside, except as required by law, or in the context of an administrative or judicial proceeding. "Information of a confidential character" includes, but is not limited to, information that is not generally available to the public but does not include any information which is provided to the CEO on a non-confidential basis from a source other than Riverside, its directors, officers, employees or patients, or has been independently acquired or developed by the CEO without violating any of his obligations under this Agreement.
- 8.2 The CEO agrees that for a period of one (1) year from the date of his termination, howsoever caused, the CEO will not hire, or attempt to hire, take away or cause to be taken away, from Riverside any employee of Riverside.

## 9. Severability

- 9.1 If any term or provisions of this Agreement is determined to be invalid or unenforceable by any Court, such determination shall not invalidate the rest of this Agreement which shall remain in full force and effect as if the invalid term or provision had not been made part of this Agreement.

## 10. Cancellation of Other Agreements

- 10.1 This Agreement (which includes any future Riverside policies and procedures) constitutes the entire agreement between the parties with respect to the employment of the CEO and any and all previous agreements, written or oral, express or implied, between the parties are terminated and cancelled and each of the parties releases and forever discharges the other of and from all manner of

actions, causes of action, claims and demands whatsoever under or in respect of any agreement. Any modification to this Agreement must be in writing and signed by the parties to it, or it shall have no effect and shall be void.

**11. Independent Legal Advice**

11.1 The CEO acknowledges that he understands this Agreement, and acknowledges that he has had the opportunity to obtain independent legal advice with respect to it.


**12. Laws**

12.1 This Agreement shall be governed by the laws of the Province of Ontario.

IN WITNESS WHEREOF, Riverside has executed this Agreement by its duly authorized officer and the CEO has hereunto affixed his hand and seal as at the date first above written.

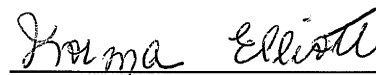
SIGNED, SEALED AND DELIVERED )


in the presence of )

  
\_\_\_\_\_  
Witness )

  
\_\_\_\_\_  
Theodore A. Scholten )

**RIVERSIDE HEALTH CARE FACILITIES**

Per:   
\_\_\_\_\_  
Norma Elliott, Board Chair  
I have authority to bind the Corporation. )

Per:   
\_\_\_\_\_  
Janice Beazley, Vice Chair  
I have authority to bind the Corporation. )





TERMS AND CONDITIONS OF EMPLOYMENT  
Executive Group  
Full-time

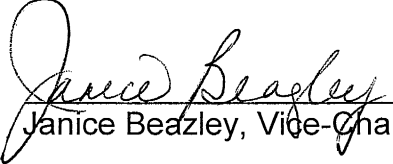
1. Probationary Period: Six Months (renewable if necessary)
2. Vacation: 4 weeks after 1 year of service  
5 weeks after 5 years of service  
6 weeks after 10 years of service  
7 weeks after 25 years of service
3. Statutory Holidays: Eleven (11) days per year + four (4) floating days
4. Sick leave: H.O.O.D.I.P. Short-term Plan. 100% Employer paid.
5. H.O.O.D.I.P. (Long Term Disability): 100% Employer paid.
6. Group Life Insurance: Basic of \$5,000.00 or coverage two times annual salary.  
100% Employer paid.  
  
Accidental Death and Dismemberment: Coverage equal to that of Group Life coverage. 100% Employer paid.
7. Voluntary Life Insurance: Elective coverage available 1X, 2X or 3X salary. 100% Employee paid.
8. Healthcare of Ontario Pension Plan (H.O.O.P.P)
9. Extended Health Benefits – 100% Employer paid.
10. Must be physically capable of performing the essential duties of the job.
11. Compliance with all applicable policies, procedures and regulations (including future amendments).

NOTE: Enrolment in benefit plans, etc. are in accordance with policies and the terms of each respective plan.

Enclosure with contract to Ted Scholten dated April 1, 2015.

NOTE: The waiting period for vacation and benefits has been waived for Ted Scholten, as approved by the Board – March 26, 2015.

  
\_\_\_\_\_  
Norma Elliott, Board Chair

  
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Janice Beazley, Vice-Chair