



## **EMPLOYMENT AGREEMENT**

**BETWEEN**

**THE RENFREW VICTORIA HOSPITAL,  
("The "Employer")**

**AND**

**RANDY V. PENNEY,  
("The Executive")**

**WHEREAS** the Employer recognizes the value of the Executive's experience and services as a health care administrator since 1982 for benefit and severance purposes, and the Employer desires to secure the services of the Executive for an indefinite period of time.

**AND WHEREAS** the Executive has been employed by the Employer since January 29, 1990 as the President and Chief Executive Officer of Renfrew Victoria Hospital.

**AND WHEREAS** the parties wish to amend the terms of employment, as a result of positive performance appraisals completed by the Executive Committee on June 27, 1990 and January 25, 1991, January 20, 1993 and March 22, 1995, 2005, 2010 and thereafter.

**AND WHEREAS** the Personnel Committee and the Board of Directors at their meetings empowered the Chair of the Board to draw up terms and conditions for the Executive's employment and was given the power to act and sign on behalf of the Employer.

**AND WHEREAS** the Executive Committee of the Board of Directors at their meeting (September 2005) empowered the Chair of the Board to extend and renegotiate the contract and was given the power to act and sign on behalf of the Employer.

**AND WHEREAS** the Executive desires and recognizes it is mutually beneficial to confirm in writing the terms of employment.

**NOW THEREFORE THIS AGREEMENT WITNESSETH** that in consideration of the mutual covenants hereinafter contained, the parties hereto covenant and agree as follows:

## **EMPLOYMENT**

### **Position**

1. The Executive agrees to be employed as the Chief Executive Officer of Renfrew Victoria Hospital, under the terms and conditions outlined in this Agreement for an indefinite duration.

### **Duties**

2. The Executive shall perform all duties of the Chief Executive Officer of Renfrew Victoria Hospital as outlined in his job description and in accordance with the bylaw, policy and policy statements of the Board of Directors. The Executive also agrees to perform all other duties as directed by the Chair of the Board.

The Executive's appointment under this Agreement shall be effective as of 1991 and shall continue unless terminated in accordance with the provisions of this Agreement.

### **Compensation**

3. Total Annual Compensation for the Executive is comprised of a Fixed Annual Compensation component and a Pay at Risk Compensation component.

The Employer and the Executive agree that a percentage of the Executive's Total Annual Compensation, hereinafter called the Pay at Risk Compensation component, shall be linked to the achievement of assigned performance targets as set out in the Employer's Annual Quality Improvement Plan (hereinafter "QIP") and as allocated in the Executive Compensation Plan, attached hereto as Appendix A, and as may be amended.

Subject to constraints imposed by applicable law, the Governance Committee of the Board of Directors, 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 effective date, being April 1.

The Governance Committee, of the Board of Directors shall determine, acting reasonably, what percent of the Pay at Risk Compensation component shall be payable. Such determination shall be made within 90 days of each anniversary of the effective date, with payment to occur within 30 days of the determination. For the first year of this Agreement the Board of Directors, shall determine the amount of the Pay at Risk compensation component that is payable against the criteria as set forth in Appendix A. The determination for subsequent years of this Agreement shall be made based on the performance criteria and targets as set forth in the Employer's QIP. The Annual Pay at Risk Component and allocation criteria shall be set by the Board of Directors by no later than June 1<sup>st</sup> of each year.

### **Fixed Annual Compensation**

4. The Executive shall receive a fixed annual compensation of \$273,000.00.

### **Pay at Risk**

5. The Executive shall be eligible for Pay at Risk compensation of two percent (2%) of the Total Annual Compensation for the period from September 6, 2011 to March 31, 2012 as set out in Appendix B.

### Payment

Payment of the Executive's Fixed Annual Compensation, Pay at Risk Compensation and any other amounts due under this Agreement, shall be in accordance with the Employer's normal payroll practices and shall be subject to such deductions and withholdings as are required by law.

### **Other Income**

6. The Executive is also entitled to retain any and all income derived from external sources.

### **Expenses Incidental to Employment**

7. 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 Employer 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 expense, in accordance with the reimbursement policies, rules and directives of the Employer, as adopted and amended from time to time.

### **Vacation**

8. The Executive will be entitled to seven (7) weeks of compensated vacation time per year. Vacation will be taken at times mutually agreed upon between him and the Chair of the Board. Unused vacation time from each year may be paid to the Executive on May 1st of each calendar year. Any remaining balance will be payable at retirement, resignation or termination.

### **Benefits**

9. The Employer shall pay 100% of the following benefits, premium or actual costs of the Executive and family.

- a) Extended Health Care including drug benefits, vision care and hearing;
- b) Semi-Private coverage;
- c) Dental coverage;
- d) Long Term Disability;
- e) Group Life;
- f) Pension Plans;
- g) Short term disability to ensure no loss from actual income.

10. The Employer agrees to pay all costs associated with the operation (including capital costs) of a vehicle. For a number of years the annual mileage has been in excess of 50,000 kms. Among the costs to be borne by the Employer is all lease or loan, gas, oil, repairs, insurance and any other costs associated with the operation of the vehicle. This will be deemed a taxable benefit.

### **Professional Development**

11. The Executive shall be entitled to attend two (2) continuing education seminars on an annual basis of his selection. This is in addition to the annual conferences of the Ontario Hospital Association and the Canadian Hospital Association. All costs incurred in attending shall be paid by the Employer. The Employer also agrees to pay on an annual basis the membership cost of both the Canadian College of Health Service Executives and the American College of Health Service Executives.

## **TERMINATION OF EMPLOYMENT**

### **Resignation or Retirement**

12. The Executive may resign, at any time, and for any reason, upon providing a minimum of four (4) months notice of resignation or retirement in writing to the Employer. The Employer may waive notice in whole or in part, upon paying the Executive the compensation he would have otherwise earned during the balance of the notice period so waived.

### **Termination by Mutual Agreement**

13. This Agreement may be terminated by mutual agreement of the Executive and Employer in writing.

### **Termination in the Event of Death**

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

### **Termination for Cause**

15. The parties understand and agree that this Agreement may be terminated by the Employer for cause. If the Executive's employment is terminated by the Employer for cause, the Executive will not be entitled to notice of termination, pay in lieu of notice or any benefits other than those prescribed by law.

### **Termination without Cause**

16. The Board may in its discretion terminate the Executive's duties of Renfrew Victoria Hospital. Such action shall require a three-quarter vote of the entire Board and will be effective when such vote is taken. Should termination of employment be initiated by the Board, or its successor, except for reasons that are mutually agreeable, payment of severance in lieu of notice shall be 24 months salary. Payment shall be in the form of a lump sum, payable within thirty (30) working days of termination. The payment of these funds is not dependent on whether or not the Executive is able to obtain other employment. All taxes will be the responsibility of the Executive.

All benefits in existence at the time of termination shall remain in effect for the balance of the severance period, save and except if the Executive obtains other employment providing comparable benefits at which time all benefits shall terminate.

The Employer shall provide for the payment of out placement counselling services or continuing education to a maximum of \$20,000.

The Employer shall provide for the payment of all legal, accounting fees and independent financial advice associated with severance package to a maximum of \$5,000.

The Employer shall provide for the continuation of office assistance, telephone, for the balance of the severance period to assist in job search, consulting, etc.

Should the Board, Local Health Integration Network or the Ministry of Health and Long Term Care, or any other body, vote or put into place any actions that adversely affect the terms and conditions of this Agreement, the Employer shall honour the termination clause as outlined. Should the duties of the Executive be materially changed without the Executive's consent so it can be found that the Executive is no longer performing the duties of the Chief Executive Officer of

Renfrew Victoria Hospital, the Executive shall have the right, in his complete discretion, acting reasonably, to terminate this Agreement by written notice delivered to the Chair of the Board. Upon such termination, all rights, duties and obligations of both parties shall cease, except that the Employer shall honour this termination clause.

### **Confidentiality**

17. The Executive shall not at any time including after the termination of this Agreement, disclose Confidential Information about the business of the Employer acquired by the Executive in the course of his employment. "Confidential Information" includes, without limitation, information and facts relating to the operation and affairs of the Employer acquired by the Executive, including information and facts relating to present and contemplated services, future plans, processes, procedures, suppliers, capital projects, financial information of all kinds, government relations strategies, patients or their health records, any product, device, equipment or machine, or employees, which is information from which the Employer can be reasonably believed to derive actual or potential value from such information remaining not generally known or readily ascertainable. For greater certainty, Confidential Information shall not include:
- (i) information and facts that are available to the public or in the public domain at the time of such disclosure or use, without breach of this Agreement; or
  - (ii) information and facts that become available to the Executive on a non-confidential basis from a source other than the Employer.

Any inventions, systems, and/or research developed by the Executive during the term of the Agreement in connection with his employment shall become the exclusive property of the Employer.

The Executive and the Employer covenant and agree that neither party shall engage in any pattern of conduct that involves the making or publishing of written or oral statements or remarks (including, without limitation, the repetition or distribution of derogatory rumours, allegations, negative reports or comments) which are disparaging, deleterious or damaging to the integrity, reputation or goodwill of the other party, which in the case of the Employer, includes the Board, officers, employees, and physicians.

### **Liability Insurance**

18. The Employer shall insure the Executive under its general liability policy both during and after the term of his employment, for all acts done by the Executive in good faith and in the execution of his office as Chief Executive Officer, throughout the term of his employment, including where the Executive is specifically named in a lawsuit launched by a patient, member of the Medical Staff, or any other party where the Employer is a co-defendant.

## **GENERAL**

### **Agreement**

19. This Agreement constitutes and expresses the whole agreement of the parties hereto with reference to the employment of the Executive by the Employer and with reference to any of the matters or things herein provided for, or herein before discussed or mentioned with reference to such employment, all promises, representation and understandings relative thereto have been emerged herein.

### **Notices**

20. Any notice to be given to the Executive shall be delivered to the Executive personally or mailed by registered mail to the Executive's address last known to the Employer.

Any notices to be given to the Employer shall be delivered to the Board Chair personally or mailed by registered mail to the Employer at its address last known to the Executive.

### **Amendments**

21. It is understood and agreed that any amendment or amendments to the within Agreement shall be valid and binding only if agreed to in writing signed by all parties hereto.

### **Governing Law**

22. This Agreement shall be construed in accordance with the laws of the Province of Ontario.

### **Successors**

23. This Agreement is binding on the Employer and any successor to it.

### **Sections and Headings**

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

### **Severability**

25. In the event any provision of this Agreement shall be deemed void or invalid by a court of competent jurisdiction, the remaining provisions or parts shall be and remain in full force and effect.

### **Waiver, Modification, Cancellation of Agreement**

26. Any waiver modification or cancellation of this Agreement must be in writing and signed by the parties or shall have no effect and shall be void.

### **Renewal**

27. This Agreement is renewed automatically on an annual basis. Any adjustments will be subject to clause 26 of this Agreement.

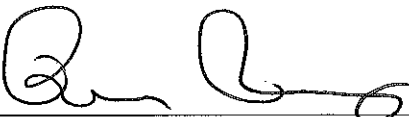
### **Arbitration**

28. Should a dispute arise between the parties with respect to this Agreement or the performance of its terms and conditions, the dispute shall be referred to arbitration by a member in good standing of the Law Society of Upper Canada or a retired judge mutually agreed upon. If the parties fail to agree on such an arbitrator, an Application may be made by either party to the Ontario Court for the appointment of an arbitrator. Any arbitrator so appointed shall proceed to determine the rights of the parties pursuant to the provisions of the *Arbitration Act, 1991* or such other *Act* governing arbitrations in the Province of Ontario then in force and, subject to the *Act*, such arbitrator's decision shall be final and binding on the parties hereto.

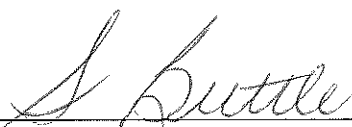
**Independent Legal Advice**

29. Each party has had the opportunity to obtain independent legal advice and has read and understood the terms of this Agreement, and each freely agrees to those terms.

**SIGNED, SEALED AND DELIVERED  
IN THE PRESENCE OF:**

  
\_\_\_\_\_  
Randy V. Penney


December 28, 2011  
Date

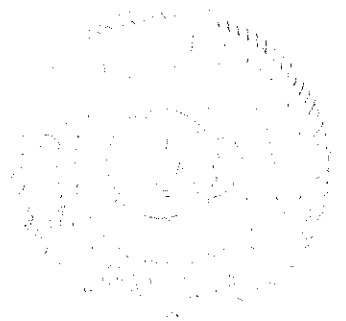
  
\_\_\_\_\_  
Witness

**RENFREW VICTORIA HOSPITAL**

  
\_\_\_\_\_  
Andy Boldt, Chair, Board of Directors

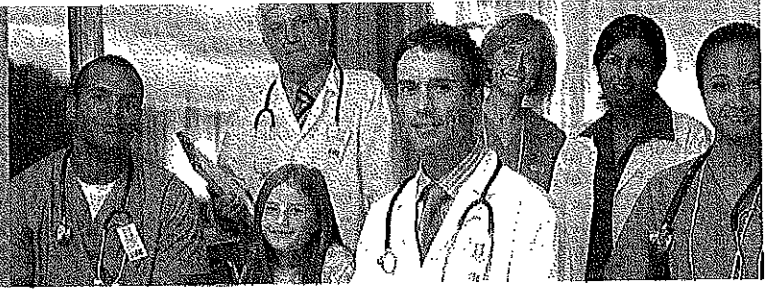
December 28, 2011  
Date

  
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Witness





Excellent Care  
For All.



## APPENDIX A

2011-12

# Quality Improvement Plan

(Short Form)



## Renfrew Victoria Hospital

April 2011

This document is intended to provide public hospitals with guidance as to how they can satisfy the requirements related to quality improvement plans in the *Excellent Care for All Act, 2010* (ECFAA). While much effort and care has gone into preparing this document, this document should not be relied on as legal advice and hospitals should consult with their legal, governance and other relevant advisors as appropriate in preparing their quality improvement plans. Furthermore, hospitals are free to design their own public quality improvement plans using alternative formats and contents, provided that they comply with the relevant requirements in ECFAA, and provided that they submit a version of their quality improvement plan to the OHQC in the format described herein.

[ontario.ca/excellentcare](http://ontario.ca/excellentcare)

## Part A:

# Overview of Our Hospital's Quality Improvement Plan

*Purpose of this section: Quality Improvement Plans (QIPs) are, as the name suggests, all about improvement. They are an opportunity for organizations to focus on how and what to improve, in the name of better patient-focused care. As such, they will be unique documents, designed by, and for, each individual organization. Overall, a QIP should be seen as a tool, providing a structured format and common language that focuses an organization on change. The QIP will drive change by formalizing a plan and facilitating shared dialogue to support continuous quality improvement processes. This introductory section should highlight the main points of your hospital's plan and describe how it aligns overall with other planning processes within your organization. In addition, this section provides you with an opportunity to describe your priorities and change plan for the next year.*

*Please refer to **Appendix D** in the QIP Guidance Document for more information on completing this section.*

## 1. Overview of our quality improvement plan for 2011-12

[A general statement (100 words maximum) that is inspiring and situates the objectives within the Vision, Mission and Values of your organization]

The Renfrew Victoria Hospital quality improvement plan focuses on specific areas identified for improvement next year. The strategic priorities, mission, vision and values provide direction to the delivery of quality services. The plan is aligned with the hospital's four key strategic directions (below), with an emphasis on the provision of quality health care services.

- Quality Care
- Strength in People
- System Integration
- Financial Performance

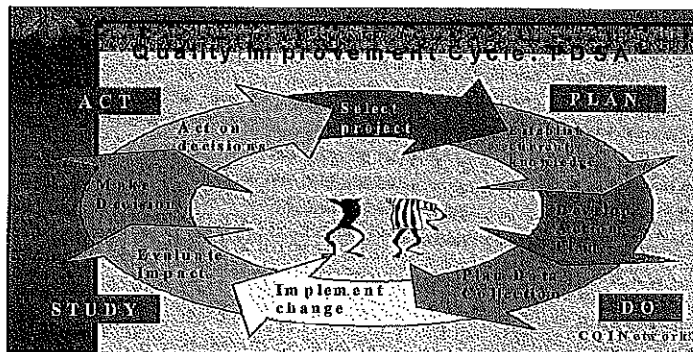
The plan is based on priorities identified by the Continuous Quality Improvement Committee of the Board, Senior Management team, care teams and aligns with accreditation standards and recommendations. The Renfrew Victoria Hospital focuses on a balanced scorecard approach with key improvement initiatives in the areas of safety, effectiveness, access and patient-centered care.

## 2. What we will be focusing on and how these objectives will be achieved

[A description of the objectives that have been identified to improve quality of services and care in your hospital. This section describes the specific aims, measures and change ideas that form the core of the plan. You should also indicate how resources will be used to ensure that the correct financial levers are in place to execute the activities listed in your QIP]

Continuous Quality Improvement is a method that evaluates and continuously improves the caliber of care and service delivered from a patient perspective. Continuous quality improvement embraces quality by focusing on continuous process improvement, teamwork, staff and patient empowerment.

Each Member of the senior administration team will work with his/her departments to have defined improvement targets and initiatives related to the strategic priorities. The model for improvement used to effectively analyze and implement change will be the "Plan, Do, Study, Act" (PDSA) model.



Aims and Measures:

**Quality Care- Safety**

- Improve hand hygiene compliance by 8% before patient contact

**System Integration/Financial Performance - Effectiveness**

- Keep total margin at 1.00% for the organization to maintain a balanced financial position

**Strength in People - Access**

- Maintain emergency department wait times at 7.5 hours for patients with complex needs

**Quality Care - Patient/Centered**

- Patients in the emergency department will report that they would recommend hospital to family/friends 75% of the time

### **3. How the plan aligns with the other planning processes**

[An explanation of how this document links to the other planning documents developed by your organization (such as H-SAA) and key external partners such as the LHIN and CCACs.]

The strategic priorities and quality improvement initiatives for the Renfrew Victoria Hospital align with the strategic directions of the Champlain LHIN specifically related to improving the health of Champlain residents and improving their experience with the health system. The four key initiatives provide a balanced approach to infection control, financial stability, wait times and patient satisfaction and will provide key directions for the hospital to follow.

### **4. Challenges, risks and mitigation strategies**

[This section describes the relative risks that may inhibit the accomplishment of the objectives and the mitigating strategies that have been identified to lower those risks.]

The biggest challenge to implementation of accomplishments will be two-fold. First, the aging population crisis continues and even with new programs and services being developed, we may not be able to keep up with the demand for service which could potentially increase our emergency department wait times. Second, RVH continues to experience occupancy and bed pressures on a regular basis which results in back logs within our emergency department of admitted patients.

A capital project for an expansion of our nephrology program continues to be a dire need for the hospital. This proposal was submitted over two years ago and identified as a priority project from the LHIN perspective and also the Ontario Renal Network. This is required to enhance infection control practices across the hospital and would allow us to set up more hand washing stations potentially resulting in increased compliance with hand hygiene. Crowded environments make it difficult to set up point of care products appropriately in all areas of the hospital.

Financial targets will be challenging to meet if no increases in funding are provided to the hospital in the 2011/12 year.

Salaries for unionized employees continue to rise and RVH is waiting on the results of a CUPE arbitration related to salaries to truly know financial challenges for the coming fiscal year.

Many of the core outcomes/measures do not apply to RVH as volumes are too low to see statistically significant differences. These include hospital standardized mortality rate, ventilator associated pneumonia and central line blood stream infections. As a Level 2 ICU, patients are only ventilated short term and central lines are rare as part of the care in this area.

## Part B: Our Improvement Targets and Initiatives

*Please complete the "Improvement Targets and Initiatives – Part B" spreadsheet (Excel file). Please remember to include the spreadsheet (Excel file) as part of the QIP Short Form package for submission to the OHQC (QIP@ohqc.ca), and to include a link to this material on your hospital's website.*

[Please see the QIP Guidance Document for more information on completing this section.]

## Part C: The Link to Performance-based Compensation of Our Executives

*Purpose of Performance-based compensation:*

1. To drive performance and improve quality care
2. To establish clear performance expectations
3. To create clarity about expected outcomes
4. To ensure consistency in application of the performance incentive
5. To drive transparency in the performance incentive process
6. To drive accountability of the team to deliver on the Quality Improvement Plan
7. To enable team work and a shared purpose

Please refer to Appendix E in the QIP Guidance Document for more information on completing this section of the QIP Short Form.

### **Manner in and extent to which compensation of our executives is tied to achievement of targets**

[Compensation should be linked to targets for those members of the senior management group who report directly to the CEO, including the chief of staff (where there is one) and the chief nursing executive. Please refer to the regulation (Ontario Regulation 444/10)]

**Our executives' compensation is linked to performance in the following way:**

Two percentage of compensation for executives (define CEO, Chief of Staff, VP Patient Care Services/Chief Nursing Officer, VP Corporate Services, VP Financial Services) is linked to achieving the following indicators:

- Hand Hygiene
- Financial Health
- Emergency Department wait times for complex conditions; and
- Patient satisfaction in the Emergency Department

Refer to Part B of the QIP for specific performance targets for 2011/12.

## Part D: Accountability Sign-off

[Please see the QIP Guidance Document for more information on completing this section.]

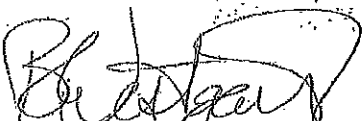
I have reviewed and approved our hospital's Quality Improvement Plan and attest that our organization fulfills the requirements of the *Excellent Care for All Act*. In particular, our hospital's Quality Improvement Plan:

1. Was developed with consideration of data from the patient relations process, patient and employee/provider surveys, aggregated critical incident data, and patient safety indicators;
2. Contains annual performance improvement targets, and justification for these targets;
3. Describes the manner in and extent to which, executive compensation is tied to achievement of QIP targets; and
4. Was reviewed as part of the planning submission process and is aligned with the organization's operational planning.



[Insert Name]  
Board Chair

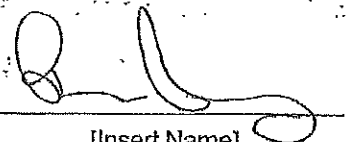
Catherine O'Neil



[Insert Name]

Quality Committee Chair

Barbara Westgarth



[Insert Name]

Chief Executive Officer

Randy Penney

*EXCERPT FROM MINUTES*

**MINUTES OF THE REGULAR MEETING OF THE RENFREW  
VICTORIA HOSPITAL BOARD OF DIRECTORS HELD ON  
THURSDAY, MARCH 24, 2011 AT 19:00 HOURS**

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- **EFCC EXCELLENCE IN CARE FOR ALL ACT** - The health care system is playing a vital role in improving health care services for Ontarians by working toward new standards set out in the *Excellent Care for All Act*, which became law in June of 2010. Renfrew Victoria Hospital continues to demonstrate enhanced efforts to increase quality, accountability and transparency.

The Quality Improvement Plan (QIP) is a key component of the Excellent Care For All Act, 2010 (ECFAA). The QIP is intended to outline an organization's priorities for quality improvement and articulate a strategy for implementation.

Beginning April 1, 2011 and every fiscal year thereafter, health care organizations are required to develop and publicly post a QIP. Under the legislation, a copy of the QIP will also need to be shared with the Ontario Health Quality Council (QHQC).

**THE FOLLOWING EXECUTIVE COMPENSATION PLAN WAS PRESENTED TO THE BOARD FOR 2011-2012:**

The "executives" included in the Executive Compensation Plan at RVH are the President & CEO, Chief of Staff, Vice-President of Corporation Services, Vice-President of Financial Services and the Vice-President of Patient Care Services.

In 2011-2012, 2% of compensation for the above listed executives will be linked to achieve the performance targets set out in our QIP for the following objectives: hand hygiene; financial health, emergency department wait times for complex conditions and patient satisfaction in the emergency department.

*After detailed discussions it was resolved that the Executive Compensation Plan be approved. It was also noted that the Hospital would monitor the activities of other hospitals to make sure we are in line with other plans before publicly posting on the hospital website on April 1, 2011.*

