

Office of the President

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January 5, 2012

Karen Stone
Vice President
Human Resources and Organizational Development
St. Joseph's Health Care London

Personal and Confidential

Dear Karen:

With the recent proactive disclosure of executive contracts, we have received feedback prompting us to review the eligible expenses under our current executive benefit plan for expenses related to fitness within the Flexible Spending Account.

As a result, effective February 1, 2012, employee exercise programs (including aerobic classes, personal trainer, memberships at gym – GoodLife, The Athletic Club, YMCA etc.) will no longer be an eligible expense under the Flexible Spending Account.

As a result of these changes, we would like to give you an opportunity to review your current allocation for the 2012 calendar year and reallocate dollars from your flexible spending account to your Health Care Spending Account. I have attached a Flexible Spending Account allocation form and would ask that if you choose to change your allocation given the above information that you complete and send to Stacey Weir, Director, Human Resources, RMHC London by **January 31, 2012**. If we do not receive a reallocation form by that date, it will be assumed that you do not wish to amend your allocation. Any claims for eligible expenses prior to this change are to be submitted and received by Stacey Weir **on or before January 26th**.

If you have any questions please do not hesitate to contact me.

Sincerely,

Gillian Kernaghan, MD, CCFP, FCFP
President and Chief Executive Officer

CC: HR File

K. Stone
by email



To: Executive employees –St. Joseph's Health Care, London
From: Stacey Weir, Director, Total Compensation, Human Resources
Date: August 3, 2011
Re: **Perquisites Directive**

Further to previous email communication on July 18, 2011, I am writing to provide you an update on changes to the flexible spending account as well as clarify your car allowance benefit. If you recall, the Management Board of Cabinet recently introduced a Perquisites Directive under the Broader Public Sector Accountability Act, 2010 that came into effect August 2, 2011. In order to ensure St. Joseph's Health Care, London is compliant with this directive, changes to the Flexible Spending Account plan design are required.

Effective August 2, 2011, the following Flexible Spending Account expenses will be allowable for reimbursement:

Exercise Programs for employee only

- Includes aerobics classes, personal trainer, membership at gym (GoodLife, The Athletic Club, YMCA, etc.)
- Excludes fitness equipment, sports leagues, tennis lessons, golf, curling, tennis, squash, social club memberships, etc.

Professional fees/dues for employee only

Professional Development expenses for employee only

Home and Mobile Internet service expenses

Nutrition Support expenses for employee only

- Includes fees for recognized programs such as weight watchers, jenny craig, etc.
- Excludes the cost of food or vitamins, cookbooks, cooking utensils

Smoking Cessation expenses for employee only

As a result of these changes you will be given the opportunity to re-allocate dollars currently in your flexible spending account to your Health Care Spending Account. A re-allocation form is attached and can be submitted to me directly in Human Resources, RMHC, London by August 31, 2011. If a re-allocation form is not received by this date, it will be assumed that you do not wish to amend your allocation.

For expenses that have been incurred prior to August 2nd and may have been eligible with the previous plan, you will have until August 31, 2011 to submit to myself for reimbursement.

Car Allowance

In order to provide further clarification on your car allowance benefit, please be advised this benefit is intended to cover all local mileage and parking expenses you may incur (inclusive of travel to RMHC, St. Thomas). Should you travel out of town and use your own vehicle, rental car or public transit you will be eligible for reimbursement of those additional travel expenses (including mileage and parking).

If you have questions regarding the above, please contact me directly at ext. 42779.

CC: HR file

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March 28, 2011

Personal & Confidential

Ms. Karen Stone
Senior Director Human Resources (CHRO)

Dear Karen,

Further to our discussion regarding the new leadership structure for St. Joseph's, I'm delighted to confirm your appointment to the role of Vice President Human Resources and Organizational Development (CHRO) effective April 1, 2011.

Effective April 1, 2011, your compensation structure will be revised to include the following amendments:

1. Your annual base salary will be \$181,350 subject to all necessary statutory withholdings and deductions.
2. You will be eligible to earn annual performance based compensation of up to 3% of base salary (\$5,440) based on corporate performance measured under the annual St. Joseph's quality improvement plan (QIP) as required by the *Excellent Care for All Act, Bill 46*. Eligibility for the portion noted above as performance based compensation is not guaranteed. Should performance result in a payment, it is expected it will be paid to you as a lump sum in May, 2012 subject to any applicable statutory deductions and will be considered pensionable. Attached is a copy of the 2011/2012 QIP and the respective performance targets.
3. Extended Health Care, semi-private hospitalization and dental benefits consistent with the St. Joseph's executive benefit plan.
4. Executive flexible benefit spending account of \$8,000 per calendar year that includes flexible healthcare spending account provisions as described in the executive flexible benefit spending account plan document.
5. Paid sick leave, short term disability and long term disability insurance on your base salary in accordance with the St. Joseph's executive benefits plan.
6. Life insurance and accidental death and dismemberment coverage each in the amount of \$500,000, payable to your designated beneficiary.
7. A limited retiree benefits package inclusive of semi-private hospitalization, extended health, dental benefits and a flat amount of \$100,000 life insurance is available. This package will continue up to the age of sixty-five (65) provided you pay 100% of the premium cost and will cease if you become re-employed and are eligible for coverage elsewhere.

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8. Given your years of service, annual vacation entitlement of five (5) weeks of paid vacation (25 work days). Increases to paid vacation are in accordance with the executive vacation plan.
9. Out of province and country business and personal comprehensive travel insurance.
10. Employer paid annual professional dues, to a maximum of \$1,000, for up to two professional associations related to healthcare or the executive's career profession
11. A professional development fund of \$5,000 plus five days paid leave per year to be used to cover direct cost and time spent on a work related individualized professional development program.

As a member of the St. Joseph's Senior Leadership Team, you are required to periodically perform administrator-on-call duties that include assuming additional corporate leadership responsibilities during an emergency or other unusual circumstance. While performing administrator-on-call duties, you are required to be available to provide on-site leadership to the hospital on a 24 hour/7 day basis.

It is a business requirement to be able to travel to any of the facilities operated by St. Joseph's, travel out of the London area, and to be in contact with the hospital while on-call, during declared emergencies or unusual situations that may arise at any time.

Karen, this is a very exciting time in healthcare and I look forward to working with you. Should you wish to discuss these changes further, please do not hesitate to contact me.

Sincerely,

Gillian Kernaghan, MD, CCFP, FCFP
President and Chief Executive Officer

cc. HR file