

# THE CLINTON HOSPITAL AUTHORITY

## Chief Executive Officer Employment Agreement

This Chief Executive Officer Employment Agreement (“Agreement”) is entered into on \_\_\_\_\_, 2023, by and between **The Clinton Hospital Authority** d/b/a Clinton Regional Hospital (the “**Hospital**”) and Len Lacefield (“**Executive**”) to be effective as of \_\_\_\_\_, 2023 (“Effective Date”).

WHEREAS, the Hospital desires to secure the services of the Executive and Executive desires to accept such employment.

NOW THEREFORE, in consideration of the material advantages accruing to the two parties and the mutual covenants contained herein, and intending to be legally and ethically bound hereby, the Hospital and Executive agree with each other as follows:

### 1. EMPLOYMENT AND DUTIES OF EXECUTIVE

- 1.1 Employment Position. Hospital engages Executive to serve as its Chief Executive Officer (“CEO”) and Executive agrees to serve in this capacity. The Parties agree that Executive will commence working for Hospital on \_\_\_\_\_, 2023 (“Commencement Date”). Executive shall have, subject to the general direction of the Hospital Board of Directors (“Board”) requirements of Oklahoma State Statutes, requirements of the Declaration of Trust, and Trust Bylaws; general overall authority and responsibility for administration of the Hospital. Executive shall also have such other duties, powers, and authority as are commensurate with his position as CEO and such other duties and responsibilities that are commensurate with his position as reasonably delegated to him from time to time by the Board. Executive shall report only to the Board and all employees of the Hospital shall report to Executive or his designee(s).
- 1.2 Residency. Executive agrees to relocate to Clinton within sixty (60) days of a renewal after the Initial Term.
- 1.3 Obligations to Hospital. Except as otherwise specified in this Agreement, Executive shall devote all his business time, attention, skill, efforts, and loyalty to the faithful performance of his duties related to the organization, operation and management of the Hospital. Executive agrees to perform such services diligently, for the best interest of the Hospital and in a manner consistent with the standards customarily applicable to persons rendering similar services. The Executive will set a high standard of professional conduct given his role with the Hospital and his responsibility relative to the Hospital’s presence and stature in the community. The Executive will, at all times, demonstrate this high professional standard of conduct in order to develop and enhance the Hospital’s reputation and image.

#### 1.4 Specific Duties.

- a. Executive shall materially do and perform all services, acts or things necessary or advisable to manage and conduct the affairs of Hospital as set forth in the Hospital Bylaws, permitted by Oklahoma statutes and regulations applicable to hospitals and Hospital policies. In addition, Executive shall materially perform the normal and customary duties and responsibilities of the CEO, including but not limited to those duties and responsibilities specified by the Board.
- b. Executive shall report and be accountable to the Board.
- c. Without specific prior approval of the Board, the Parties understand and agree that Executive is not authorized (i) to enter into any financing or loan agreements, (ii) to contract for or agree to any encumbrances on Hospital property (real, tangible or intangible), or (iii) to exceed any procurement authority as specified in Oklahoma State Statutes, the Authority's Declaration of Trust, or Hospital policies.
- d. Executive shall oversee and manage, consistent with Board directives and policies, development, establishment and implementation of operational plans, policies and procedures in accordance with accepted best practices and applicable laws and regulations.
- e. Executive shall use his best efforts to ensure compliance with governmental regulations and Hospital policies, procedures and contracts. Executive shall also attend local, state and national meetings to remain current with industry and regulatory trends.
- f. Executive shall oversee and manage preparation of fiscal and budgetary reports of Hospital operations. Oversee and manage preparation of operating and capital budgets with data to support all budget requests. Implement necessary cost controls wherever possible to stay within budgetary or other limitations of Hospital policy.
- g. Executive shall also perform such other duties and responsibilities as Hospital's Board may reasonably assign to him from time to time.

- 1.5 Outside Activities. The expenditure of reasonable amounts of time, for which Executive shall not be compensated by Hospital, for educational, charitable or professional activities unrelated to the Hospital, shall not be deemed a breach of this Agreement, or a conflict of interest with the position of CEO, if in the sole discretion of the Board those activities do not materially interfere with the services required of Executive or his availability to and presence in the organization. It shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, or fulfill speaking engagements and (C) manage personal business interests and investments, so long as such activities (i) do not significantly interfere with the performance of the

Executive's responsibilities as an employee of the Hospital in accordance with this Agreement, (ii) require extended absences from the organization, and (iii) provided such activity is disclosed in writing to the Hospital. Before undertaking such activities, and subject to Section 1.5 below, Executive shall provide notice of his intentions to the Chair of the Board of Directors, and shall not undertake or commit to such activities without prior notice to the Chair of the Board and confirmation from the Board that such activities are permitted.

- 1.6 Fiduciary Duties. Executive acknowledges and understands that by entering into this Agreement, he undertakes a fiduciary relationship with Hospital and, as such, is under a fiduciary obligation to use due care and act in the best interest of Hospital at all times.
- 1.7 No Conflicting Obligations. Executive represents and warrants to Hospital that he is under no contractual or conflicting obligations that would prevent him from executing this Agreement and accepting the position as the Hospital CEO. In addition, Executive represents and warrants that during the Term, he will be under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement.
- 1.8 Hospital Policies. Executive will remain subject to and agrees to adhere to all of Hospital's policies, including but not limited to, all policies relating to standards of conduct, conflicts of interest and compliance with Hospital's rules and obligations. Hospital's written rules, policies, practices and procedures shall be binding on Executive unless superseded by or in conflict with this Agreement, in which case this Agreement shall govern.

## **2. COMPENSATION AND BENEFITS**

- 2.1 Base Compensation. In consideration for the services provided pursuant to this Agreement as CEO, Hospital agrees to pay Executive a base salary of Ten Thousand Dollars (\$10,000.00) per month. Executive's salary may be adjusted as agreed upon by the parties at an annual review of the Executive's compensation and performance by the Board. This annual review shall occur three months prior to the end of each year of the contract. Provided that the Parties agree that there will be no review for a renewal during the Initial Term. The Executive's salary will be paid, starting on the Commencement Date, in equal bi-monthly installments consistent with the normal payroll practices of Hospital.
- 2.2 Paid Time Off/Sick Leave. Executive shall be eligible to accrue paid time off/sick leave throughout the year in accordance with Hospital's standard policies, including any policy provisions with respect to maximum accrual, as they may be amended from time-to-time.
- 2.3 Professional Absences. Provided that this agreement is renewed after the Initial Term, Executive will be permitted to be absent from the Hospital during working

days to attend professional meetings and to attend to such outside professional duties in the healthcare field as have been mutually agreed upon between him and the Chair of the Board. Attendance at such approved meetings and accomplishment of approved professional duties shall be fully compensated service time and shall not be considered vacation time. The Hospital shall reimburse Executive for all expenses incurred by Executive incident to attendance at approved professional meetings and such entertainment expenses incurred by Executive in furtherance of the Hospital's interests, provided, however, that such reimbursement is approved by the Chair of the Board.

- 2.4 Health Benefits. Executive and his immediate family shall be eligible to participate in any health benefit plans maintained by Hospital, subject in each case to the generally applicable terms and conditions of the plan in question, including eligibility criteria and to the determinations of any person or committee administering such plan, and to the right of Hospital to make changes and/or withdraw offering such plans from time-to-time.
- 2.5 Retirement Benefits. Executive shall be eligible to participate in any retirement benefit plans maintained by Hospital, subject in each case to the generally applicable terms and conditions of the plan in question including eligibility criteria, and to the determinations of any person or committee administering such plan, and to the right of Hospital to make changes and/or withdraw offering such plans from time-to-time.
- 2.6 Professional Dues. Hospital agrees to pay dues to professional associations and societies and to such service organizations and clubs of which Executive is a member, as approved by the Chair of the Board as being in the best interests of Hospital.
- 2.7 Travel Stipend. In order to permit Executive to begin working immediately for Hospital, Hospital will pay Executive a travel stipend during the Initial Term of this agreement in the amount of Three Thousand Dollars (\$3,000.00) per month.
- 2.8 Other Benefits. Hospital also agrees to:
  - a. insure Executive under its general liability insurance policy for all acts done by him in good faith as CEO throughout the term of this Agreement;

### **3 TERM AND TERMINATION**

- 3.1 Term. The Parties agree that Executive's employment shall begin on the Commencement Date and continue until June 30, 2024 (Initial Term) at which time it may be renewed on an annual basis for a period of twelve (12) months (Renewal Term(s)).

3.2 Termination by Either Party Other Than For Cause. Either party may terminate this Agreement by providing notice, in writing, to the other party. As a business consideration, the parties agree that notice to the other under this section will be provided 90 days before the intended effective date. Upon receipt of notice from the Executive of termination under this Section, Hospital may in its sole discretion elect to treat such notice as a voluntary resignation as of the date of the notice and end the employment relationship as of that date. Hospital may, in its sole discretion, select a date of termination that provides for less than 90 days' notice, and provide a payment to Executive equal to his regular base salary for the period in lieu of actual notice (actual notice and payment shall be the equivalent of 90 days' notice).

3.3 Termination for Cause by Hospital. Hospital may terminate this Agreement at any time "for cause" effective immediately upon written notice to Executive. For purposes of Section 3.2 and this Section 3.3, "for cause" is defined as any of the following:

- a. Willful breach of material duties, obligations or policies of the CEO, including the provisions of this Agreement;
- b. Excessive absence or material and willful neglect of duties or obligations required of the Chief Executive Officer, including the provisions of this Agreement;
- c. Material violation of written rules and policies of Hospital;
- d. Material failure to adequately monitor, oversee and implement the compliance program for Hospital;
- e. Commission of any act of dishonesty, fraud or misrepresentation that affects the performance of any duties under this Agreement;
- f. Conviction or admitted commission of any criminal act amounting to a felony while employed as CEO of Hospital;
- g. Conviction or admitted commission of any crime that has as an element dishonesty, fraud, or misrepresentation, whether or not related to Hospital, whether or not in a public or private capacity, including without limitation, theft, fraud, misappropriation or embezzlement of funds; or
- h. Engagement in acts of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by Hospital under existing policies or as may be subsequently enacted.
- i. Engagement in acts that impair or adversely affect the reputation of Hospital or that cause public embarrassment to Hospital.

The termination "for cause" will be effective only after Hospital has delivered written notice to Executive describing, in detail, the basis for the cause.

3.4 Termination for Good Reason by Executive. Executive may terminate this Agreement at any time "for good reason" if a good reason event as defined below occurs without Executive's written consent. For purposes of this Section 3.4, "for good reason" is defined as any of the following:

- a. Material diminution of Executive's duties, title, or authority as reflected in a formal act of the Board;
- b. Material diminution of Executive's compensation or benefits; or
- c. Hospital's material breach of its obligations under this Agreement.

The termination "for good reason" will be effective only after Executive has delivered written notice to the Hospital Board describing, in detail, the basis for the good reason and Hospital has not cured or remedied the good reason event within a thirty (30) day period from the date of the notice.

3.5 Termination in the Event of Death or Disability. Hospital additionally reserves the right to terminate this Agreement (i) in the event of the death of Executive or (ii) should Executive suffer any physical or mental disability that would prevent the performance of his essential job duties under this Agreement, unless reasonable accommodation can be made to allow him to continue performing the essential functions of his position.

#### **4. SEVERANCE PAY**

4.1 Severance Payment Upon Termination by Hospital Other Than For Cause. Should Hospital decide to terminate this Agreement, other than for cause, or in the event of a transfer of ownership of Hospital, Hospital shall pay to Executive in a single lump sum an amount equal to and not to exceed a maximum of \_\_\_ months of his regular base pay, less applicable payroll deductions, as severance. In addition to the severance pay set forth in this section, Hospital shall also pay Executive for all time worked and all accrued but unused PTO time through the effective termination date. If terminated without cause, Executive shall be entitled to continuation of his benefits under Section 2.4, above for the period during which he is entitled to receive severance pay under this Section.

4.2 Severance Payment Upon Voluntary Resignation by Executive or Termination by Hospital for Cause. No severance pay is owed by Hospital to Executive if his employment is terminated for cause (Section 3.3) or if he voluntarily resigns (Section 3.4). In the event of voluntary resignation or termination by Hospital for

cause, Executive will be compensated for services rendered up to the date of termination or resignation plus any accrued, but unused vacation.

- 4.3 Severance Payment Upon Termination for Good Reason by Executive. In the event that this Agreement is terminated for good reason by Executive, Executive shall not be entitled to a severance payment.
- 4.4 Severance Payment Upon Termination in the Event of Death or Disability. In the event of termination due to death or disability, under Section 3.5, Executive shall not be entitled to the severance pay, but shall be compensated for unpaid services rendered up to the date of termination plus any accrued, but unused vacation and shall receive whatever benefits may accrue to Executive as a result of disability or life insurance, retirement benefits, sick leave or other benefits to which he may be entitled.
- 4.5 Section 409A Limitation. It is the intention of Hospital and Executive that the severance benefits payable to the Executive under this Section either be exempt from, or otherwise comply with, Section 409A ("Section 409A") of the Code as set forth in the next Section. Hospital and Executive acknowledge and agree that if, in the judgment of Hospital, with the advice of its independent accounting firm or other tax advisors, amendment of this Agreement is necessary to exempt the benefits from or to comply with Section 409A, Hospital and Executive will negotiate reasonably and in good faith to amend the terms of this Agreement to the extent necessary so that it exempts the benefits from or to comply with Section 409A (with the most limited possible economic effect on Hospital and Executive).

## **5. OTHER PROVISIONS**

- 5.1 Confidentiality. Executive shall maintain confidentiality with respect to information that he receives in the course of his employment and not disclose any such information. Executive shall not, either during the term of employment or thereafter, use or permit the use of any information of or relating to the Hospital in connection with any activity or business and shall not divulge such information to any person, firm, or corporation whatsoever, except as may be necessary in the performance of his duties hereunder or as may be required by law or legal process.
- 5.2 Non-Compete. During the term of his employment, Executive shall not directly own, manage, operate, join, control, or participate in or be connected with, as an officer, employee, partner, stockholder or otherwise, any other hospital, medical clinic, integrated delivery system, health maintenance organization, or related business, partnership, firm, or corporation (all of which hereinafter are referred to as "Entity") that is at the time engaged principally or significantly in a business that is, directly or indirectly, at the time in competition with the business of the Hospital within the service area of the Hospital. The service area is defined as Custer County, Oklahoma and the contiguous counties. Nothing herein shall prohibit

Executive from acquiring or holding any issue of stock or securities of any entity that has any securities listed on a national securities exchange or quoted in a daily listing of over-the-counter market securities, provided that any one time Executive and members of Executive's immediate family do not own more than one percent of any voting securities of any such entity. This covenant shall be construed as an agreement independent of any other provision of this Agreement, and the existence of any claim or cause of action, whether predicted on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Hospital of this covenant. In the event of actual or threatened breach by Executive of this provision, Hospital shall be entitled to an injunction restraining Executive from violation or further violation of the terms thereof.

- 5.3 Non-Solicitation. Executive shall not directly or indirectly through his own efforts, or otherwise, during the term of this Agreement, and for a period of 12 months thereafter, employ, solicit to employ, or otherwise contract with, or in any way retain the services of any employee or former employee of the Hospital, if such individual has provided professional or support services to the Hospital at any time during this Agreement without the express written consent of the Hospital. Executive will not interfere with the relationship of the Hospital and any of its employees and Executive will not attempt to divert from the Hospital any business in which the Hospital has been actively engaged during his employment.
- 5.4 Entire Agreement. This contract constitutes the entire agreement between the parties and contains all the agreements between them with respect to the subject matter hereof. It also supersedes any and all other agreements or contracts, either oral or written, between the parties with respect to the subject matter hereof.
- 5.5 Amendment. Except as otherwise specifically provided, the terms and conditions of this contract may be amended at any time by mutual agreement of the parties, provided that before any amendment shall be valid or effective it shall have been reduced to writing, approved by the Board and signed by the Chair of the Board and Executive.
- 5.6 Invalidity of Agreement. The invalidity or unenforceability of any particular provision of this contract shall not affect its other provisions, and this contract shall be construed in all respects as if such invalid or unenforceable provisions had been omitted.
- 5.7 Binding Effect. This agreement shall be binding upon Hospital, its successors and assigns, including, without limitation, any corporation into which Hospital may be merged or by which it may be acquired, and shall inure to the benefit of Executive, his executors, legatees, heirs and assigns.
- 5.8 Mediation. Prior to engaging in any legal or equitable litigation or other dispute resolution process, regarding any of the terms and conditions of this Agreement between the parties, or concerning the subject matter of the Agreement between

the parties, each party specifically agrees to engage in good faith, in a mediation process at the expense of Hospital. The parties further and specifically agree to use their best efforts to reach a mutually agreeable resolution of the matter. The parties understand and specifically agree that should any party to this Agreement refuse to participate in mediation for any reason, the other party will be entitled to seek a court order to enforce this provision in any court of appropriate jurisdiction requiring the dissenting party to attend, participate, and to make a good faith effort in the mediation process to reach a mutually agreeable resolution of the matter

5.9 Enforcement: Applicable Law. This agreement shall be construed and enforced under and in accordance with the laws of the State of Oklahoma. Custer County, Oklahoma, shall be the sole and exclusive venue for any litigation, special proceeding, or other proceeding as between the parties that may be brought under, or arise out of, this Agreement.

5.10 Attorney's Fees. In the event of litigation, arbitration or any other action or proceeding between the parties to interpret or enforce this Agreement, or any part thereof or relating to this Agreement, the prevailing party shall be entitled to recover its costs related to such action or proceeding and its reasonable fees of attorneys, accountants and expert witnesses incurred by such party in connection with any such action or proceedings. The prevailing party shall be deemed to be the party which obtains substantially the relief sought by final resolution, compromise or settlement, or as may otherwise be determined by order of a court of competent jurisdiction in the event of litigation, an award or decision of an arbitrator in the event of arbitration.

5.11 Effect of Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

This contract signed this \_\_\_\_\_ day of \_\_\_\_\_, 2023

**“EXECUTIVE”**

**“HOSPITAL”**

By: \_\_\_\_\_  
Len Lacefield

The Clinton Hospital Authority d/b/a  
Clinton Regional Hospital,  
an Oklahoma public trust

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_