

SPECIAL BOARD MEETING

Minutes of the special meeting of the Board (the “**Board**”) of Alberta Health Services (“**AHS**”) held in the Ground Floor Media Room, Southport Tower, 10301 Southport Lane SW, Calgary, Alberta, and by teleconference, on June 11, 2013.

Present:

Board Members: Mr. Stephen Lockwood (Chair)
Ms. Catherine Roozen (Vice Chair)
Dr. Ruth Collins-Nakai
Mr. Don Cormack
Mr. Don Johnson
Mr. John Lehnert
Mr. Fred Ring
Mr. Gary Sciur
Mr. Don Sieben
Dr. Eldon Smith

Management: Dr. Chris Eagle, President & Chief Executive Officer
Ms. Patti Grier, Chief of Staff & Corporate Secretary

Mr. Lockwood acted as Chair of the meeting and Ms. Grier acted as Corporate Secretary.

Mr. Lockwood called the meeting to order at approximately 3:25 p.m. Quorum was met.

❖ **Notice**

UPON MOTION duly moved, seconded and unanimously carried, the Board waived the notice requirements for special Board meetings as specified in Section 7.3(c) of the AHS General Bylaws.

❖ **Review of Agenda**

UPON MOTION duly moved, seconded and unanimously carried, the Board approved the agenda for the special meeting of the Board held on June 11, 2013.

❖ **Declaration of Conflicts of Interest**

Mr. Lockwood requested that any conflicts of interest, other than those previously declared, relevant to the meeting or items noted on the agenda be declared. None were declared.

1. 2012/2013 Year End Financial Statements and Financial Statement Discussion and Analysis

Mr. Lockwood confirmed with the Board members that the AHS 2012/13 Year End Financial Statements (“**Financial Statements**”), which include the provision of contractual pay at risk for eligible employees for the 2012/13 fiscal period, were previously approved by the Board at the June 6, 2013 Board meeting.

Mr. Lockwood advised that the Board has received direction from the Minister of Health to reconsider the decision to award contractual pay at risk to eligible employees for the 2012/13 performance year, and furthermore, to defer publically releasing the Financial Statements and the 2012/13 Annual Report until such time as further direction is received (the “**June 11th Directive**”).

The Board discussed the June 11th Directive and both the legal and moral implications that AHS would face if the Board followed such directive and retroactively changed senior leadership compensation.

The Board discussed the contractual obligations that AHS has to provide pay at risk to eligible employees for work already completed during the 2012/13 fiscal period.

Mr. Lockwood confirmed with the Board members that pay at risk for AHS executives has been eliminated for the 2013/14 fiscal period and onwards. Mr. Lockwood further confirmed with the Board members that approximately 99 AHS employees are eligible for pay at risk for the 2012/13 fiscal period.

UPON MOTION duly moved by Mr. Lockwood and seconded by Ms. Catherine Roozen, after due consideration of the June 11th Directive, that the Board ratify, confirm and approve the Financial Statements, including contractual pay at risk for eligible employees for the 2012/13 fiscal period, in the form approved at the June 6, 2013 Board meeting, in substantially the form reviewed by the Committee of the Whole, with such non-substantive changes that management of AHS considered necessary or advisable.

And furthermore, management of AHS be authorized and directed to take all such other action as management of AHS considers necessary or advisable in order to give full effect to the foregoing.

The Board deferred voting on the above motion until further discussion ensued.

AMENDMENT, moved by Mr. John Lehnert and seconded by Mr. Don Johnson, that Mr. Lockwood’s proposed Motion be amended whereas the Board ratifies, confirms and approves the Financial Statements, excluding pay at risk for eligible employees for the 2012/13 fiscal period, subject to an independent third party review of the compensation of those eligible employees back to April 1, 2012 (the “**Compensation Review**”), and that based on the findings of the Compensation Review, compensation of the aforementioned employees be retroactively adjusted, as applicable.

The Board discussed the timeline for the potential Compensation Review. Mr. Lockwood speculated that it would be completed by December 31, 2013.

Several Board members expressed concern with the potential circumstance whereby individuals from AHS senior leadership would be required to repay a portion of their compensation depending on the findings of the Compensation Review. It was suggested that the amended motion be further amended to eliminate the compensation claw back provision.

AMENDMENT TO AMENDMENT, moved by Dr. Ruth Collins-Nakai and seconded by Mr. Gary Sciur, that Mr. Lehnerns proposed amendment to Mr. Lockwood's proposed Motion, as amended, be further amended whereas the Board ratifies, confirms and approves the Financial Statements, excluding pay at risk for eligible employees for the 2012/13 fiscal period, subject to the Compensation Review, and that based on the findings of the Compensation Review, compensation of the aforementioned employees be retroactively adjusted, as applicable, unless the findings of the Compensation Review demonstrate that funds shall be recouped, and in that case, compensation shall not be adjusted.

ROLL CALL VOTE on the amendment to the amendment:

For:

J. Lehnerns, D. Johnson

Against:

C. Roozen, R. Collins-Nakai, D. Cormack, F. Ring, D. Sieben, E. Smith

Abstained:

G. Sciur

MOTION LOST

ROLL CALL VOTE on the amendment:

For:

J. Lehnerns, D. Johnson

Against:

C. Roozen, R. Collins-Nakai, D. Cormack, F. Ring, D. Sieben, E. Smith

Abstained:

G. Sciur

MOTION LOST

ROLL CALL VOTE on Mr. Lockwood's original motion, as follows:

UPON MOTION duly moved by Mr. Lockwood and seconded by Ms. Catherine Roozen, after due consideration of the June 11th Directive, that the Board ratify, confirm and approve the Financial Statements, including contractual pay at risk for eligible employees for the 2012/13 fiscal period, in the form approved at the June 6, 2013 Board meeting, in substantially the form reviewed by the Committee of the Whole, with such non-substantive changes that management of AHS considered necessary or advisable.

And furthermore, management of AHS be authorized and directed to take all such other action as management of AHS considers necessary or advisable in order to give full effect to the foregoing.

For:

C. Roozen, R. Collins-Nakai, D. Cormack, D. Johnson, F. Ring, E. Smith

Abstained:

J. Lehnert, G. Sciur, D. Sieben

MOTION CARRIED

2. Adjournment of Meeting

There being no further business, the meeting was adjourned at 4:00 p.m.

Stephen Lockwood
Chair

Patti Grier
Corporate Secretary