

**EXECUTIVE EMPLOYMENT AGREEMENT**, dated 1 March 2010 between  
\_\_\_\_\_ (the “Company”), and \_\_\_\_\_ (the “Executive”).

The Company desires to employ the Executive as its Chief Executive Officer and the Executive desires to accept such employment under the terms and conditions of this Agreement.

The parties agree as follows:

**ARTICLE 1: DEFINITIONS**

**1.1 Definitions.** Terms defined in the preamble have their assigned meanings and each of the following terms have the following meaning in this Agreement:

- (a) “**AAA**” has the meaning assigned to it in Section 8.9 of this Agreement.
- (b) “**Accrued Compensation**” means the Executive’s salary earned and unpaid up to and including the Termination Date and any unpaid expenses incurred and documented pursuant to Section 4.3 up to and including the Termination Date.
- (c) “**Agreement**” means this executive employment agreement, as amended from time to time.
- (d) “**Board**” means the board of directors of the Company in office from time to time.
- (e) “**Business Day**” means any weekday which is not a U.S. bank holiday.
- (f) “**Bylaws**” means the corporate bylaws adopted by the Company to govern its internal affairs, as amended from time to time.
- (g) “**Cause** ” means the occurrence of any of the events described in Section 7.2(a)(i)-(v).
- (h) “**CEO**” means Chief Executive Officer.
- (i) “**Change of Control**” means
  - (i) a corporate reorganization of the Company which results in the stockholders of the Company owning less than 50% of the combined voting power of the capital stock of the surviving company, or
  - (ii) the sale of all, or substantially all, of the assets of the Company.
- (j) “**Competitive Business**” means any intermediate health care facility or other long term health care facility providing substantially the same services as, and sharing substantially the same client or patient base with, the Company.

- (k) **“Confidential Information”** means confidential information relating to the Company’s business such as customer information, patient information, vendors, operations and operating procedures, pricing, financial information, technology, marketing strategies, facility design, employment practices, contractual agreements, and trade secrets.
- (l) **“Employment Term”** has the meaning assigned to it in Section 2.2 of this Agreement.
- (m) **“MBA”** means a Master of Business Association degree.
- (n) **“Payment Term”** means the three year period beginning 1 May 2010 and ending 1 May 2013.
- (o) **“Permanent Disability”** means the mental or physical condition of the Executive such that the Executive has been unable, as a result of illness, disease, disability or similar cause, to fulfill her duties with the Company, with or without reasonable accommodation, on a full time basis for more than 6 consecutive months, or for an aggregate of a 6 month period within any consecutive 12 months.
- (p) **“Termination Date”** means the Executive’s last day of employment with the Company which,
  - (i) in the case of the Executive’s death during the Employment term will be the date of the Executive’s death, or
  - (ii) in the case of termination by the Company for Cause under Section 7.2(a) or by the Company without cause, will be the date the Executive is notified of such termination, or
  - (iii) in the case of termination for “good reason” under Section 7.3(a) or disability under Section 7.4(b), will be the date specified in the written notice.

## **ARTICLE 2: EMPLOYMENT; TERM; COMPENSATION**

**2.1 Employment.** The Company shall employ the Executive and the Executive shall accept employment with the Company under the terms of this Agreement.

**2.2 Employment Term.** The term of the Executive’s employment with the Company is the three year period beginning \_\_\_\_\_, 20\_\_ and ending \_\_\_\_\_20\_\_ (the “Employment Term”).

**2.3 Extension of the Term.** If the Company wants to extend the Executive’s employment beyond the end of the Employment Term, the Company shall notify the Executive in writing no later than 120 days prior to the end of the Employment Term.

## 2.4 Compensation.

(a) **Salary.**

- (i) **Base Salary.** The Company shall pay the Executive \$\_\_\_\_\_ on the first Business Day of each month of the Payment Term.
- (ii) **Salary Increase.** *[Insert terms of Salary Increase here.]*

(b) **Bonuses.**

- (i) **Signing Bonus.** The Company shall pay the Executive \$*[Insert bonus amount here]* on the first Business Day of the Employment Term.
- (ii) **Performance Bonus.** In addition to her salary, the Executive shall be eligible to receive an annual discretionary performance bonus based on the Company's performance during each year of the Employment Term.
  - (1) The Company shall pay the Executive any earned performance bonus within 60 days following the last day of the year of the Employment Term to which it relates.
  - (2) The amount of the bonus will be based on the Company's financial performance as determined by the following factors:
    - (A) *[Insert bonus factors here]*
- (iii) **Change of Control Bonus.** If the Executive executes a letter of intent to continue her employment with the Company through the closing date of an event constituting a Change in Control, the Company shall pay the Executive \$*[Insert bonus amount here]* in immediately available funds.
  - (1) The Executive shall be entitled to the Change of Control bonus regardless of whether she is terminated by the Company or its successor in connection with the Change in Control.

## **ARTICLE 3: POSITION; DUTIES; FULL TIME SERVICE; COMPANY POLICIES**

**3.1 Position.** The Company shall employ the Executive as CEO of the Company and shall vest in the Executive such general powers and authority over the business and affairs of the Company as set forth in the Bylaws.

**3.2 Duties.** The Executive shall

- (a) manage all daily affairs and operations of the Company,
- (b) perform all duties reasonably delegated to her from time to time by the Board,

- (c) report to the Board, and
- (d) perform all other duties commensurate with her position as Chief Executive Officer of an intermediate medical facility.

**3.3 Full Time Service.** The Executive shall work for the Company on a full time basis and shall devote substantially all of her professional time and attention exclusively to the business and affairs of the Company.

**3.4 Policies, Rules and Regulations.** The Executive shall be subject to and shall faithfully observe all of the Bylaws, policies, rules and regulations of the Company from time to time in force which are applicable to senior executives of the Company and which are brought to her notice, or of which she should reasonably be aware.

#### **ARTICLE 4: BENEFITS; TIME OFF; EXPENSES**

**4.1 Benefits.** The Executive is entitled to participate in all health, group insurance, welfare, pension, and employee benefit plans, programs, and arrangements made generally available to the Company's senior executives.

#### **4.2 Time Off.**

##### **(a) Vacation.**

- (i) The Executive is entitled to \_\_ days paid vacation per year of the Employment Term.
- (ii) The Executive shall take such vacation at the reasonable and mutual convenience of the Executive and the Company.
- (iii) The Executive may carry forward unused paid vacation time if she obtains prior written approval from the Board.
- (iv) Notwithstanding Section 4.2(a)(iii), the Executive waives entitlement to any unused vacation time remaining at the end of the Term.

##### **(b) Sick Days, Personal Days, and Holidays.**

- (i) The Executive is entitled to take up to \_\_ unpaid sick days and \_\_unpaid personal holidays per year of the Employment Term, as well as the Company's usual holidays.
- (ii) The Executive may not carry forward unused sick days or personal holidays.

#### **4.3 Expenses.**

- (a) The Company shall promptly reimburse the Executive for all reasonable out-of-pocket business and travel expenses incurred in the performance of her duties as CEO.
- (b) The Executive shall provide the Company with appropriate statements and receipts verifying her expenses in accordance with the expense reimbursement policy of the Company.

## **ARTICLE 5: CONFIDENTIALITY; NON-SOLICITATION; NON-COMPETITION**

### **5.1 Confidentiality.**

- (a) The Executive shall not personally use or disclose the Confidential Information.
- (b) The Executive shall take all reasonable precautions to ensure the Confidential Information is not communicated to, available to, or taken by any unauthorized individual or entity.
- (c) Upon termination of this Agreement, the Executive shall immediately return to the Company all Confidential Information including, but not limited to, all
  - (i) originals,
  - (ii) copies,
  - (iii) electronic data, or
  - (iv) other records or information,

all of which remain property of the Company at all times preceding, during, and after the Employment Term.

### **5.2 Non-Solicitation.**

- (a) **Company Employees.** For a period of \_\_ year(s) after termination of this Agreement for any reason, the Executive shall not, directly or indirectly,
  - (i) solicit for employment, or
  - (ii) recommend to any other party that such party solicit for employment,any persons currently employed by, or under contract (whether as a consultant, employee, or otherwise) to, the Company.

- (b) **Company Clients, Customers, and Patients.** For a period of \_\_\_ year(s) after termination of this Agreement for any reason, the Executive shall not, directly or indirectly,
- (i) solicit, or
  - (ii) recommend to any other party that such party solicit,
- any of the Company's current clients, customers, patients, or patients' family members.

### 5.3 Non-Competition.

- (a) **Exclusive Service during Employment Term.** During the Employment Term the Executive shall not be employed by, render services to, or represent:
- (i) Any Competitive Business.
  - (ii) Any company engaged in business of a similar nature with the Company without prior written consent of the Board.
- (b) **Non-Competition after Termination.** For a period of \_\_\_ year(s) after termination of this Agreement for any reason, the Executive shall not seek, accept, or engage in any employment with, or work for, a Competitive Business which is located or operates within \_\_\_ miles of
- (i) any of the Company's facilities, or
  - (ii) any location where the Company was actively developing a facility prior to the termination of the Executive's employment with the Company.

## **ARTICLE 6: REPRESENTATIONS; WARRANTIES**

**6.1 The Company's Representations and Warranties.** The Company represents and warrants as follows:

- (a) **Organization.** The Company is a corporation duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation.
- (b) **Corporate Power and Authority.** The Company has all requisite power and authority to carry on its business as now being conducted and to enter into this Agreement.
- (c) **Reliance on the Executive's Statements.** In signing this Agreement the Company relies in good faith on the Executive's representation that the Executive is not bound by any other agreements or fiduciary duties that would make entering into this Agreement unlawful or unethical.

**6.2 The Executive's Representations and Warranties.** The Executive represents and warrants as follows:

- (a) **Curriculum Vitae.** The curriculum vitae submitted to the Company by the Executive is true and accurate in all material respects.
- (b) **Prior Agreements.** There are no restrictions, agreements, or understandings, oral or written, to which the Executive is a party, or by which the Executive is bound, that prevent or make unlawful the Executive's execution or performance of this Agreement.

## **ARTICLE 7: TERMINATION**

**7.1 Expiration of Term.** Unless terminated earlier under the provisions of this Agreement or the Employment Term is extended by mutual agreement of the parties, this Agreement terminates \_\_\_\_\_, 20\_\_.

- (a) The Company shall reimburse the Executive for any unpaid expenses incurred and verified pursuant to Section 4.3 no later than \_\_\_\_\_, 20\_\_.

### **7.2 Termination by the Company.**

- (a) **Termination for Cause.** The Company may terminate the Executive at any time for Cause as determined by the occurrence of any of the following:
  - (i) The Executive is convicted of, or pleads guilty or nolo contendere to
    - (1) a crime involving moral turpitude, or
    - (2) a felony.
  - (ii) The Executive engages in conduct constituting
    - (1) willful gross misconduct, or
    - (2) willful gross neglectwhich, in either case, results in material economic or reputational harm to the Company.
  - (iii) The Executive refuses to perform, or repeatedly fails to undertake good faith efforts to perform, her duties under this Agreement.
  - (iv) The Executive's abuse of legal or illegal drugs, abuse of other controlled substances, or habitual intoxication.

- (v) A material breach by the Executive of this Agreement.

### 7.3 Termination by the Executive.

(a) **Termination for Good Reason.**

- (i) The Executive may terminate this Agreement for “good reason” as determined by the occurrence of
  - (1) a material diminution in the Executive’s authority, duties, or reporting subordinates,
  - (2) a reduction in the Executive’s salary,
  - (3) any relocation of the Executive’s principal office, or principal place of employment, to a location that is more than \_\_ miles from \_\_\_\_\_, or
  - (4) any other action or inaction constituting a material breach of this Agreement by the Company

without

- (1) the Executive’s prior written consent or
  - (2) full cure within 30 days after the Executive gives written notice to the Company requesting cure, such notice to be given by the Executive no later than 90 days after the date the event occurs.
- (ii) An event may not constitute grounds for a “good reason” termination unless the Executive terminates his employment within one year of the occurrence of the event.
  - (iii) The Executive shall give the Company 30 days’ written notice of “good reason” termination, which must specify the grounds for termination as well as the Termination Date.

### 7.4 Death or Disability.

(a) **Death.** This Agreement terminates if

- (i) the Executive dies in the interim between signing this Agreement and the beginning of the Employment Term, or
- (ii) the Executive dies during the Employment Term.

(b) **Disability.** If the Executive suffers Permanent Disability during the Employment Term, either the Executive or the Company may terminate this Agreement by

giving the other party at least 15 days' written notice which notice must specify the Termination Date.

### **7.5 Consequences of Termination.**

- (a) **Termination for Cause.** If this Agreement is terminated pursuant to Section 7.2(a), the Company shall pay the Executive the Accrued Obligations no later than the Termination Date.
- (b) **Termination for Good Reason or Without Cause.** If this Agreement is terminated by the Executive pursuant to Section 7.3(a), or by the Company without Cause, the Company shall pay the Executive
  - (i) the Accrued Obligations and
  - (ii) an additional \$100,000 in immediately available fundsno later than the Termination Date.
- (c) **Death during Employment Term, or Disability.** If this Agreement is terminated pursuant to Sections 7.4(a)(ii) or 7.4(b), the Company shall pay the Executive, or her estate or beneficiaries, the Accrued Obligations no later than 14 Business Days after the Termination Date.
- (d) **Termination Prior to Employment Term by Death.** If this Agreement is terminated pursuant to Section 7.4(a)(i), this Agreement terminates and neither party, or their assigns, estate or beneficiaries, has any further rights or obligations with respect to the other.

### **ARTICLE 8: GENERAL PROVISIONS**

**8.1 Notice.** All notices and communications provided for in this Agreement must be in writing and will be deemed to be duly given when

- (a) personally delivered,
- (b) delivered by a nationally recognized overnight delivery service, or
- (c) when mailed by United States Certified or registered mail, return receipt requested, postage prepaid, and
- (d) addressed as follows:
  - (i) If to the Company or Board:

\_\_\_\_\_

[Address]  
[City, State, Zip]  
Attn: \_\_\_\_\_

(ii) If to the Executive:

\_\_\_\_\_  
[Address]  
[City, State, Zip]

## **8.2 Assignment and Delegation.**

- (a) The executive shall not assign her rights or delegate her performance under this Agreement without written approval from the Board.
- (b) The Company may assign its rights or delegate its performance under this Agreement in connection with a merger or sale of all, or substantially all, of its assets.

**8.3 Executive Indemnification.** If the Executive is made a party to any claim by reason of the fact that the Executive is, or was, an officer of the Company, or in connection with her good faith service under this Agreement, the Company shall indemnify the Executive against all costs, damages, and liabilities to the fullest extent permitted by the Bylaws or, if greater, by applicable law.

**8.4 Company Indemnification.** If the Company is made a party to any claim by reason of the Executive's negligence or willful misconduct in connection with her service under this Agreement, the Executive shall indemnify the Company against all resulting costs, damages, and liabilities.

**8.5 Amendments.** This Agreement may only be amended by the parties' written agreement.

**8.6 Waiver.** The waiver by either party of the other party's breach of any provision of this Agreement will not operate as the waiving party's waiver of any subsequent breach.

**8.7 Merger.** This Agreement is the final, complete, and exclusive statement of the parties' agreement on the matters contained in this Agreement, and supersedes all previous negotiations and agreements.

**8.8 Severability.** If any provision of this Agreement is illegal or unenforceable, that provision is severed from this Agreement and the other provisions remain in force.

**8.9 Governing Law.** The laws of Michigan govern all matters relating to this Agreement, including torts.

**8.9 Dispute Resolution.** The Executive and the Company agree that any dispute or claim, whether based on contract, tort, or otherwise, relating to or arising from this Agreement will be resolved exclusively through final and binding arbitration under the auspices of the American Arbitration Association (the “AAA”) in accordance with the following:

- (a) Arbitration will be held in Detroit, Michigan.
- (b) The arbitration will proceed in accordance with the National Rules for the Resolution of Commercial Disputes of the AAA in effect at the time the claim or dispute arose, unless other rules are agreed upon by the parties.
- (c) Arbitration will be conducted by one arbitrator who is a member of the AAA, unless the parties mutually agree otherwise.
- (d) The arbitrator will have jurisdiction to determine any claim, including whether the claim is arbitrable.
- (e) The arbitrator may grant any relief authorized by law for any properly established claim.
- (f) The interpretation and enforceability of this section will be governed and construed in accordance with the United States Federal Arbitration Act, 9. U.S.C. §1.
- (g) Specifically, the parties agree to submit to binding arbitration all claims for
  - (i) unpaid wages or benefits, or
  - (ii) alleged discrimination, harassment, or retaliation arising under
    - (1) Title VII of the Civil Rights Act of 1964,
    - (2) the Equal Pay Act,
    - (3) the National Labor Relations Act,
    - (4) the Age Discrimination in Employment Act,
    - (5) the Americans with Disabilities Act,
    - (6) the Employee Retirement Income Security Act,
    - (7) the Civil Rights Act of 1991,
    - (8) the Family and Medical Leave Act,
    - (9) the Fair Labor Standards Act,
    - (10) §§ 1981-1988 of Title 42 of the United States Code,
    - (11) Consolidate Omnibus Reconciliation Act of 1985, and

- (12) any other federal, state, or local law, regulation, or ordinance, and
- (13) any common law claims,
- (14) claims for breach of contract, or
- (15) claims for declaratory relief.

**8.10 Waiver of Jury Trial and Judicial Proceedings.** The Executive and the Company waive any rights to have any dispute, other than a request for injunctive relief, heard by a court or jury.

To evidence the parties' agreement to this Agreement, they have signed and delivered it on the date set forth in the preamble.

\_\_\_\_\_  
[Company]

By: \_\_\_\_\_  
[Name]  
[Title]

\_\_\_\_\_  
[Executive]