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## Fax Cover Sheet

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Date: August 17, 2010

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36

To:

Name	Company/City	Fax No	Phone No
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A. Robert Anderson, Q.C.	Osler, Hoskin & Harcourt LLP	403-260-7024	403-260-7000
Timothy Nakaska	PricewaterhouseCoopers Inc.	403-781-1825	403-509-7312
Rick Osuna	PricewaterhouseCoopers Inc.	403-781-1825	403-509-7386

From: Laurie Robson  
Company: BORDEN LADNER GERVAIS LLP  
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File Number: 014758-000314

If you do not receive all pages, call Kathy Houston at (403) 232-9576 as soon as possible.

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### MESSAGE

Please see attached.

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**BORDEN  
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**VIA FACSIMILE (and email)**

August 17, 2010

**LAURIE M. ROBSON**  
 direct tel.: (403) 232-9482  
 e-mail: lrobson@blqcanada.com  
 file no: 014758-000314

Macleod Dixon LLP  
 Barristers & Solicitors  
 Suite 3700  
 400 – 3<sup>rd</sup> Avenue SW  
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**Attention: Howard Gorman**

PricewaterhouseCoopers Inc.  
 Suite 3100  
 111 – 5<sup>th</sup> Avenue SW  
 Calgary, AB T2P 5L3

**Attention: Timothy Nakaska and  
 Rick Osuna**

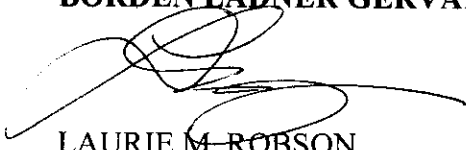
Dear Sir:

**Re: In the Matter of the Bankruptcy of Network Health Inc.  
 Action # BK 01-094004  
 Alberta Health Services v Network Health Inc.  
 QB Action # 1001-06509**

Enclosed for service upon you, pursuant to Rule 16.1 of the *Alberta Rules of Court* is the Notice of Motion and Affidavit of Chris Mazurkewich, which was filed today with the Court of Queen's Bench, Judicial District of Calgary.

Yours truly,

**BORDEN LADNER GERVAIS LLP**

  
**LAURIE M. ROBSON**  
 LMR/kmh  
 Encl.

Osler, Hoskin & Harcourt LLP  
 Barristers & Solicitors  
 Suite 2500, Trans Canada Tower  
 450 – 1<sup>st</sup> Street SW  
 Calgary, AB T2P 5H1

**Attention: A. Robert Anderson, Q.C.**

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**John L. Ircandia**  
direct tel.: (403) 232-9406  
e-mail: jircandia@blgcanada.com  
file no: 014758-000314

HAND DELIVERED

August 17, 2010

Honourable Madam Justice B.E.C. Romaine  
Court of Queen's Bench  
601 – 5<sup>th</sup> Street SW  
Calgary, Alberta T2P 5P7

**Attention: Wendy**

Dear Madam:

**Re: In the Matter of the Bankruptcy of Network Health Inc.**  
**Action # BK 01-094004**  
**Alberta Health Services v Network Health Inc.**  
**QB Action # 1001-06509**

An application has been scheduled Wednesday, August 18, 2010 at 1:30 p.m. before Justice Romaine.

We would ask that the attached Affidavit of Chris Mazurkewich and Notice of Motion filed today, be provided to Justice Romaine in advance of the application. The parties will be served with a filed copy this afternoon.

Yours truly,

**BORDEN LADNER GERVAIS LLP**

  
John L. Ircandia

assistant: Marlee Code  
direct tel: (403)232-9471  
e-mail add: mcode@blgcanada.com

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**Bankruptcy No. BK01-094004**

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY OF NETWORK HEALTH INC.

AND BETWEEN:

**Action No. 1001-06509**

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY

**ALBERTA HEALTH SERVICES**

Plaintiff

- and -

**NETWORK HEALTH INC.**

Defendant

**NOTICE OF MOTION**

**TAKE NOTICE** that an application will be made on behalf of the Plaintiff, Alberta Health Services ("AHS") before the Honourable Justice B.E.C. Romaine in Chambers, at the Calgary Courts Centre, in the City of Calgary, in the Province of Alberta, on Wednesday, the 18<sup>th</sup> day of August, 2010 at 1:30 o'clock in the afternoon or so soon thereafter as counsel may be heard for the following relief:

- (a) An order authorizing Alberta Health Services ("AHS") to, as soon as reasonably practical, deliver a proposal, including a conditional offer of employment, to the clinical employees of Network Health Inc. ("Network") as such proposal is outlined in further detail in the Affidavit of Chris Mazurkewich sworn on August 16, 2010 (the "AHS Employee Proposal") and further directing that AHS, without further order of this Court, deliver final, unconditional offers of employment on or before September 10, 2010 to such Network clinical employees who accepted the

conditional offer, for acceptance by September 15, 2010, in accordance with the AHS Employee Proposal;

- (b) Alternatively advice and directions of this Honourable Court with respect to the AHS Employee Proposal;
- (c) Advice and directions with respect to the payment of Network's ongoing legal costs; and
- (d) Such further and other relief as counsel may advise and this Honourable Court deem appropriate under the circumstances.

**AND FURTHER TAKE NOTICE** that the grounds upon which this application is based include the following:

1. Bankruptcy proceedings were initiated against Network in April, 2010;
2. Due to the concerns of AHS as to the negative impact on public health care in the event of the bankruptcy of Network, AHS initiated proceedings to appoint an Interim Receiver. The Interim Receiver was appointed by Order dated May 3, 2010;
3. By Orders dated July 8, 2010 and July 21, 2010, the Court ordered that AHS submit a proposal respecting Network employees to Network and the Interim Receiver by August 13, 2010, and be returnable to the Court for consideration on August 18, 2010;
4. AHS submitted the AHS Employee Proposal to the Interim Receiver and Network on August 11, 2010;
5. Network has refused to allow AHS to make the conditional offers of employment contemplated by the AHS Employee Proposal to the vast majority of Network's employees, including all of its clinical staff;
6. In order to offer the Network clinical staff positions performing the publicly-funded orthopaedic surgical services at the new AHS McCaig Tower facility of equivalent

classification to their existing positions, and avoid the posting of the jobs, system wide, the offers of employment must form part of a program move constituting a cohesive move of the group of Network clinical staff into the relevant unionized bargaining unit positions;

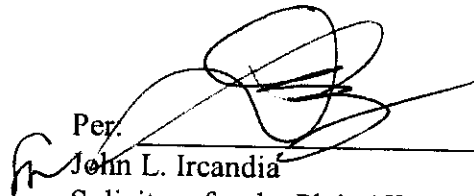
7. The McCaig Tower facility will be opening with respect to orthopaedic operative services on November 15, 2011. In order to do so, the facility must be staffed. To the extent the Network employees wish to accept these positions, they must be given the opportunity to consider the offers and, if agreeable, accept such offers, initially, on a conditional basis by not later than August 27, 2010, with the final unconditional offer to be accepted not later than September 15, 2010;
8. AHS cannot continue to hold these clinical positions outside of the usual posting process beyond August 27, 2010 as the regular posting process requires between 6 to 9 weeks to complete. As of Monday, August 30, 2010, AHS needs to know how many Network clinical staff wish to continue to the next step and the final, unconditional offer process and how many Network clinical staff are not interested in an AHS program move position so that AHS can proceed with its system wide posting to fill those clinical positions prior to November 15, 2010;
9. With respect to Network's legal costs:
  - a) The Amended Interim Receivership Order dated May 11, 2010, appointing the Interim Receiver, provides for the payment of the Interim Receiver, its legal counsel and legal counsel for Network subject to a passing of the accounts and ultimate approval by the Court;
  - b) these professional costs were secured by Interim Receiver's Charge to the extent of \$500,000;
  - c) given Network's financial position, effectively AHS has been underwriting these costs;

- d) the payment of Network's legal costs was understood to be limited to those matters that for the sake of public health concerns required Network and AHS to work together. There was no agreement, express or implied, to the effect that AHS or the Interim Receiver would be responsible for Network's legal costs with respect to such matters as any reorganization of its financial affairs, the opposition of insolvency proceedings or the engaging in litigation against AHS or others; and
- e) To the present date the Interim Receiver has paid approximately \$146,000 to legal counsel representing Network, with additional invoices anticipated.

**AND FURTHER TAKE NOTICE** that in support of this application will be read the Affidavit of Chris Mazurkewich sworn on August 16, 2010, filed herein, the pleadings and proceedings had and taken in this action, including all prior Affidavits, Reports of the Interim Receiver, Orders of this Honourable Court; the *Alberta Rules of Court*, any applicable legislation; and such further and other material as Counsel may advise.

**DATED** at the City of Calgary, in the Province of Alberta, this 17<sup>th</sup> day of August, 2010.

**BORDEN LADNER GERVAIS LLP**

  
Per: \_\_\_\_\_  
John L. Ircandia  
Solicitors for the Plaintiff

To: CLERK OF THE COURT

And to: Network Health Inc.

And to: Osler, Hoskin & Harcourt LLP, Solicitors for Network Health Inc. Attention: A. Robert Anderson, Q.C.

And to: PricewaterhouseCoopers Inc., Interim Receiver

And to: Macleod Dixon LLP, Solicitors for the Interim Receiver, Attention: Howard Gorman

**Action No.: BK01-094004**  
**QB 1001 - 6509**

2010

IN THE COURT OF QUEEN'S BENCH OF  
ALBERTA  
IN BANKRUPTCY AND INSOLVENCY

---

**IN THE MATTER OF THE BANKRUPTCY  
OF NETWORK HEALTH INC.**

AND BETWEEN:

IN THE COURT OF QUEEN'S BENCH OF  
ALBERTA  
JUDICIAL DISTRICT OF CALGARY

**ALBERTA HEALTH SERVICES**

Plaintiff

-and-

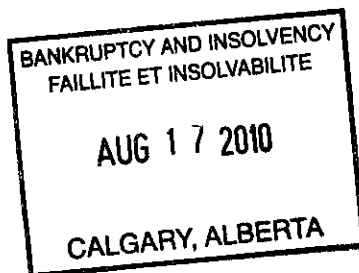
**NETWORK HEALTH INC.,**

Defendant

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**NOTICE OF MOTION**

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**BORDEN LADNER GERVAIS LLP**

Barristers and Solicitors  
1000 Canterra Tower  
400 Third Avenue S.W.  
Calgary, Alberta T2P 4H2

**Attention: John L. Ircandia****Telephone: (403) 232-9406****Fax: (403) 266-1395**

File No. 014758-000314

**Affidavit of Chris Mazurkewich  
Sworn August 16, 2010**

**Bankruptcy No. BK01-094004**

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
IN BANKRUPTCY AND INSOLVENCY**

**IN THE MATTER OF THE BANKRUPTCY  
OF NETWORK HEALTH INC.**

**AND BETWEEN:**

**Action No. 1001-06509**

**IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
JUDICIAL DISTRICT OF CALGARY**

**ALBERTA HEALTH SERVICES**

**Plaintiff**

**-and-**

**NETWORK HEALTH INC.**

**Defendant**

**AFFIDAVIT OF CHRIS MAZURKEWICH**

I, **Chris Mazurkewich**, Corporate Officer, of the City of Calgary, in the Province of Alberta, **MAKE OATH AND SAY AS FOLLOWS:**

1. I am the Executive Vice President and Chief Financial Officer of Alberta Health Services ("AHS"), a creditor of Network Health Inc. ("Network"). As such, I have personal knowledge of the facts hereinafter deposed to except where stated to be on my information and belief, and where so stated I verily believe such information to be true and correct.
2. By Order dated July 8, 2010 (the "July 8 Order"), Madam Justice Romaine, *inter alia*, ordered that AHS prepare a proposal for consideration and approval by Network, the

Interim Receiver and the Court setting out the manner in which AHS proposed to deal with the Network employees (“AHS Employee Proposal”). The Order provided that the proposal would be submitted within 10 days from the date of the July 8 Order.

3. By Order dated July 21, 2010, Madam Justice Romaine, *inter alia*, ordered that AHS submit the AHS Employee Proposal to Network and the Interim Receiver on or before August 13, 2010 and returnable for consideration by the Court on August 18, 2010, at 1:30 p.m.
4. On August 11, 2010, AHS, by its legal counsel, Borden Ladner Gervais LLP, delivered to counsel for Network, the Interim Receiver and counsel for the Interim Receiver, the AHS proposal to deal with the Network employees. On August 12, 2010, the AHS Employee Proposal was delivered by email directly to Dr. Stephen Miller, Bernie Simpson and Tom Saunders, at Network by legal counsel for AHS. Attached hereto and marked as Exhibit “A” to this my Affidavit is a copy of the AHS Employee Proposal delivered by legal counsel for AHS to counsel for Network, the Interim Receiver and counsel for the Interim Receiver, and to Network management. With the delivery of the AHS Employee Proposal, AHS was seeking Network’s immediate consent to permit AHS to extend the conditional offers of employment to the Network clinical staff.
5. As referred to in paragraph 11 of my Affidavit sworn July 5, 2010, AHS has been working with the relevant unions, The Health Sciences Association of Alberta (HSAA), Alberta Union of Provincial Employees (AUPE) and United Nurses of Alberta (UNA), with the cooperation of Network management, to negotiate the terms of a program move with the unions, which is fundamental to the making of offers of employment to the Network clinical staff. The unions have been supportive of the program move concept and have been working with AHS on these negotiations.
6. The program move in this case constitutes a cohesive move of the group of Network clinical staff performing the publicly-funded orthopaedic surgical services into unionized bargaining unit positions at the new AHS McCaig Tower facility located at the Foothills Medical Centre campus. The benefits to the Network staff of a program move are: the program positions are not posted across the AHS system; Network staff are not required

to apply for individual positions in competition with union members with more seniority; and it allows the Network staff to move to AHS as a cohesive group into positions of equal classification to the positions they hold with Network (albeit into a unionized environment and subject to the terms of a collective agreement applicable to the appropriate bargaining unit). The program move offers continuity of service and seamless delivery of health care services to the public and reduces disruption in the AHS system. It is in the interest of public health to promote the program move in a timely fashion.

7. The McCaig Tower facility for orthopaedic operative services will open on November 15, 2010. In advance of the opening, it is critical to the seamless delivery of health care services and patient care to the public that AHS have certainty with respect to its staffing of the surgical department responsible for performing these orthopaedic surgeries. AHS does not have an unlimited window in which to hold these specific orthopaedic surgery department clinical positions in the McCaig Tower apart from the AHS job posting process for the proposed program move of Network clinical staff. In the normal course, jobs posted within the AHS system take, on average, 6 to 9 weeks to fill. The posting of the McCaig Tower positions will (as is the usual case within the AHS system) result in a ripple effect across the entire AHS system as employees moving from a current position into a new McCaig Tower position (or any posted position) leave behind vacancies that are then posted, and this effect repeats until all positions throughout the system are filled. As AHS staff move into new roles there are training and orientation requirements to be met which must be scheduled in advance of service delivery to ensure continuity of public health services. In the result, a program move provides a cohesive move of a group of staff trained in the specific delivery of these services, lessens the disruption in the AHS system, and promotes greater continuity of the delivery of health care services, particularly for a unit such as the Network clinical staff positions. The McCaig Tower orthopaedic facility opening presents AHS with a unique opportunity to engage its unions in discussions for a program move of bargaining unit positions that would not otherwise be available on a group basis to the Network clinical staff.

8. In order to ensure that AHS has in place the staffing complement for the opening of the McCaig Tower orthopaedic operative services on November 15, 2010, AHS must have received at least a preliminary response from the Network clinical staff indicating whether they accept the conditional offer of employment by not later than August 27, 2010. This allows AHS to assess its remaining staffing complement to begin posting for the additional or “excess” McCaig Tower orthopaedic operative services as of Monday, August 30, 2010 (“excess” referring to the program move positions being held for the Network clinical staff that those staff are not interested in accepting). By providing this indication of their interest in accepting a position with AHS (still conditional), this alleviates any further burden on AHS to prepare formal job offers that will not be accepted. If AHS is not provided with this preliminary information and “excess” positions continue to be held back for the proposed Network clinical staff program move this creates an unnecessary and potentially critical delay in the posting of these “excess” positions and additional unnecessary work for AHS that would otherwise not have been required in the normal course. August 27, 2010 is therefore the latest date at which AHS can reasonably hold back these “excess” positions from posting, as a result of the ripple effect in the AHS system. If AHS posted all McCaig Tower orthopaedic operative services positions as of August 30, 2010, there would not be any delay or impact to patient care or the delivery of these services to the public.
9. The AHS proposal provides, *inter alia*, as the first step, for conditional offers of employment to be made by AHS to Network clinical staff to communicate the framework for the proposed program move, specifically, making conditional offers of employment to 50 clinical and secondary clinical staff (these comprise Network staff holding a regular full-time (RFT) or regular part-time (RPT) position referred to as an FTE (Full Time Equivalent) position) and 91 casual clinical and secondary clinical staff (these comprise Network staff employed on a casual basis, with no regular schedule of hours). The AHS Employee Proposal provides for conditional job offers for 100% of the Network clinical staff.
10. The AHS Employee Proposal does not include offers of employment for the 17 Network non-clinical staff because the Network non-clinical staff positions do not form part of the

AHS positions in the program move. As a result, there is no opportunity for AHS to negotiate similar program move terms with its unions for the Network non-clinical staff positions. AHS does, however, regularly post non-clinical positions across the AHS system. The Network non-clinical staff can therefore apply to AHS for posted non-clinical positions at any time in response to such postings.

11. The conditions proposed by AHS in its offers include, *inter alia*, the finalization of the union negotiations on the program move, communicating the full terms and conditions of employment to the Network clinical staff for their consideration and acceptance, and an Order from this Honourable Court permitting AHS to make the final, unconditional offers to the Network clinical staff for immediate acceptance.
12. As a result, the first step identifies, with immediate effect, the Network clinical staff interested in an employment opportunity with the AHS program move. The second step confirms offers of employment and provides certainty on staffing to AHS, but is respectful of the court process and the matters at issue in these bankruptcy proceedings.
13. Once AHS has the information relative to the number of Network clinical staff interested in AHS program move positions (on August 27, 2010), it allows AHS to release and post the balance of the program move positions ("excess" positions) so as not to further delay the staffing at McCaig Tower and cause unnecessary disruption to the posting system. Any further delay in confirming the program move staffing will cause delay in operational start up of the orthopaedic surgical services and negatively impact health care delivery and patient care.
14. The two-step process proposed by AHS is primarily the result of lack of availability of key negotiation personnel from two of the unions (AUPE and UNA), occasioned by both workload and absences due to annual holidays. In addition, the present bankruptcy proceedings have resulted in uncertainty for the Network staff as to the operational viability of Network and their continued employment. It is out of concern for the Network staff that AHS and Network have engaged in discussions leading up to the commitment of AHS to make the AHS Employee Proposal in the present proceedings. Given the requirement for AHS to obtain information on the level of interest from the

Network clinical staff for program move positions and the operational requirements to staff the McCaig Tower with immediate effect, AHS is committed to the earliest communication of job opportunities to Network staff. The AHS Employee Proposal communicates an immediate commitment to the Network staff, albeit subject to important conditions relative to other parties (the unions) and the court process, for job opportunities in the program move. The conditional offers are made in good faith by AHS with the full intent that there will be a job opportunity for the Network clinical staff if AHS is permitted to proceed with this process in a timely fashion. The complexity of these circumstances arise from a combination of the need to plan quickly, size of staff complement, a non unionized external organization and its bankruptcy proceedings, thus placing AHS in an unprecedented and challenging position, and offers a unique opportunity for the Network clinical staff to move as a cohesive group into bargaining unit positions without the requirement of posting.

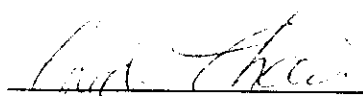
15. At the time of the swearing of this Affidavit, Network had not provided its consent to AHS to make the conditional offer letters to the Network clinical staff. Given the timing constraints, this may result in the program move opportunity being withdrawn by AHS as a result of the negative impact that further delay in confirming staffing the complement of the McCaig Tower orthopaedic surgery department will have on the seamless delivery of these health care services to the public. AHS expects to be in a position to communicate final offers to the Network clinical staff on or before September 10, 2010 with a required response date of not later than September 15, 2010.
16. The process undertaken by AHS and its staff to conclude the union negotiations as quickly as possible has included diverting AHS human resources and labour relations teams to the Network program move from other important work, and requesting that the unions re-prioritize their own work and divert their own resources to these negotiations to ensure that AHS can achieve the AHS Employee Proposal program move of the Network clinical staff on an expedited basis at a time when resources are stretched to the limit due to planned annual holidays and other work commitments. By the dedicated effort of AHS staff, union representatives and Network staff, AHS has been working non-stop to achieve the concluded program move results in a manner that is respectful of the Court

process, the union negotiation process and the important issues raised as part of these bankruptcy proceedings, balancing the workplace uncertainty that each Network staff member is facing given the bankruptcy situation, while at all times being cognizant of the overarching consideration of public health and the opening of the new McCaig Tower facility. During this process, AHS and Network have also been respectful of the privacy rights of the Network staff, ensuring that prior to any disclosure of personal information, the Network staff member provided his or her consent to the release of their information. In the process, approximately 95% of the Network clinical staff consented to the disclosure of personal information to the relevant unions to assist in the negotiation process.

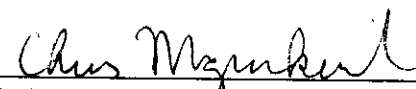
17. To date, negotiations with HSAA have been completed and a letter of understanding setting out the terms of the program move for HSAA bargaining unit positions has been signed by AHS and HSAA. With this agreement signed, AHS is now in a position to prepare the final offer letters to the Network clinical staff for the HSAA positions. Attached hereto and marked as Exhibit "B" to this my Affidavit is a copy of the HSAA and AHS Letter of Understanding in respect of the program move of Network clinical staff into HSAA bargaining unit positions at McCaig Tower.
18. AUPE has provided a letter of intent to AHS expressing, *inter alia*, AUPE's support of the program move in principle on the condition that the terms of the program move must be negotiated and agreed between AUPE and AHS. Negotiations with AUPE are ongoing, however at the time of the swearing of this Affidavit, a Letter of Understanding has not yet been entered into between AHS and AUPE. It is anticipated that the program move negotiations with AUPE will be concluded on or before September 8, 2010.
19. Negotiations with UNA to date have resulted in a letter of intent from UNA expressing to AHS, *inter alia*, UNA's support of the program move in principle on the condition that the terms of the program move must be negotiated and agreed between UNA and AHS. It is anticipated that negotiations with UNA on the program move will be concluded on or before September 8, 2010.

- 20. Once the negotiations are completed with AUPE and UNA, AHS will be in a position to formalize the final terms and conditions pertaining to the specific positions being offered to the Network clinical employees for AUPE and UNA bargaining unit positions as part of the program move (on or before September 10, 2010). At that time AHS would present the final offer of employment and require a timely response from the Network employee (on or before September 15, 2010).
- 21. For the reasons stated above, it is imperative that AHS receive confirmation from Network employees of their acceptance of an AHS position at McCaig Tower on or before September 15, 2010 to adequately address the staffing of the orthopaedic surgical department.
- 22. The foremost concern of AHS is patient care and ensuring the continuity of services for publicly-funded orthopaedic surgical services. AHS is prepared to make bona fide offers of employment to the Network clinical staff to start on November 15, 2010, with the opening of the McCaig Tower orthopaedic operative services and is in a position to finalize those offers on terms that are advantageous to the Network clinical staff, having regard to cohesive transfer that can be achieved through working with HSAA, AUPE and UNA on a program move. Given the present circumstances of the bankruptcy petition, the Network employees should not be prevented from exercising their right to consider or accept such a unique employment opportunity.
- 23. I make this Affidavit in support of an Order permitting AHS to make immediate unconditional final offers of employment to Network clinical staff for acceptance of those offers on or before September 15, 2010, without further review of said offers by this Honourable Court.

SWORN BEFORE ME at the City of )  
 Edmonton, in the Province of Alberta, this )  
 16 day of August, 2010. )

  
 \_\_\_\_\_ )  
 A Commissioner for Oaths in and for the )  
 Province of Alberta )

**TRUDI THEW**  
 A COMMISSIONER FOR OATHS IN AND  
 FOR THE PROVINCE OF ALBERTA  
 MY APPOINTMENT EXPIRES JULY 14, 2011

  
 \_\_\_\_\_  
**Chris Mazurkewich**

**Robson, Laurie M.**

**From:** Robson, Laurie M.  
**Sent:** August 11, 2010 5:26 PM  
**To:** randerson@osler.com  
**Cc:** Ircandia, John L.; Howard Gorman; rick.f.osuna@ca.pwc.com; Chris (CFO) Mazurkewich; Shawna Syverson  
**Subject:** AHS - Network Employee Proposal  
**Importance:** High  
**Attachments:** CAL01-794671-v1-Conditional\_Letter\_-\_RPT\_RFT\_Clinic.PDF; CAL01-794672-v1-Conditional\_Letter\_-\_Casual\_Clinic.PDF; CAL01-794669-v1-HRC\_Letter\_Spreadsheet\_(Aug\_11\_2010).PDF; CAL01-794670-v1-Memo\_to\_HRC\_staff\_(About\_conditional\_offer).PDF; CAL01-794719-v1-Memo\_-\_HRC\_employee\_proposal.PDF

Robert:

I am the labour and employment partner at BLG working with AHS and John Ircandia on the AHS employment proposal to the Network employees. John has asked that I email you directly with the materials related to the AHS proposal for HRC staff. Please find attached the relevant documents from AHS, along with our client's memo setting out the AHS employee proposal. There are 5 attachments to this email - noting that the list of employee names (RPT/RFT and Casual) are set out in one document on separate pages in the document titled "HRC Letter Spreadsheet (August 11, 2010)". Please call either John or myself directly in respect of this proposal.

We are asking for your confirmation that AHS may immediately proceed to make the conditional offers to the Network employees identified on the attached spreadsheet. We await your confirmation.

Regards,

Laurie

**Laurie M. Robson**  
 PARTNER  
 Direct 403.232.9482  
[lrobson@blgcanada.com](mailto:lrobson@blgcanada.com)

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 Website [www.blgcanada.com](http://www.blgcanada.com)



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THIS IS EXHIBIT **A**  
 referred to in the Affidavit of  
Chris Mazurkewich  
 Sworn before me this 16<sup>th</sup>  
 day of August A.D. 20 10  
  
 A Commissioner for Oaths in and for  
 the Province of Alberta  
**TRUDI THEW**  
 A COMMISSIONER FOR OATHS IN AND  
 FOR THE PROVINCE OF ALBERTA  
 MY APPOINTMENT EXPIRES JULY 14, 2011

16/08/2010



## Memorandum

**Date:** August 11, 2010

**To:** Borden Ladner Gervais LLP

For distribution to:  
Network Health Inc. and legal counsel  
PriceWaterhouseCoopers and legal counsel

**From:** Chris Mazurkewich, Executive Vice President and CFO, Alberta Health Services

**RE:** Alberta Health Services proposal with respect to the employees of Network Health Inc.

---

Included with this memo are the following documents:

1. Conditional Offer of Employment letter from Alberta Health Services (AHS) to regular full-time (RFT) and regular part-time (RPT) clinical employees of Network Health Inc. (Network);
2. Conditional Offer of Employment letter from AHS to casual clinical employees of Network;
3. List of Network RFT and RPT employees to whom an offer of employment from AHS will be made;
4. List of Network Casual clinical employees to whom an offer of employment from AHS will be made; and
5. Memo to Network staff answering questions regarding the conditional nature of the offer of employment.

AHS proposes to extend offers of employment to the clinical staff of Network comprising 140 people - 48 RPT/RFT staff and 92 casual staff. Negotiations to finalize all of the terms and conditions of employment and the terms of a program move are ongoing with the relevant unions (HSAA, AUPE and UNA). The unions have expressed their respective commitments to negotiating the terms of a program move with AHS, in line with other program moves successfully negotiated with these unions previously. Once the union negotiations are completed, AHS will be able to confirm all of the terms and conditions of employment for final consideration by the Network staff and hence, remove those conditions that are subject to these union negotiations. AHS expects that all the union negotiations will be completed on or before September 7, 2010.

The benefit to Network staff of a program move is that the program positions are not posted across the AHS system and Network staff are not then required to apply for the individual positions in competition with senior union members. If a program move agreement cannot be

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Office of the Vice President, Foothills Medical Centre

1403 - 29<sup>th</sup> Street NW, Calgary, Alberta, T2N 2T9

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reached with the unions, the employment opportunities available to Network staff would be limited to those positions that are posted by AHS and first subject to the seniority rights of the union members.

A program move offers the opportunity for those Network staff interested in the move to McCaig Tower to move in a cohesive group into positions which are of equal classification to the positions they hold with Network, although into a unionized environment and subject to the terms of the current collective agreement applicable to appropriate bargaining unit.

While AHS is continuing to assess employment opportunities for the non-clinical staff, the commitment from AHS was to find employment opportunities for the clinical staff. This proposal encompasses offers for 100% of the Network clinical staff performing the publicly-funded Orthopaedic Surgical Services.

We are proposing that Network agree to let the conditional offers of employment be made immediately. This will allow Network staff to have information on the type of employment opportunity that AHS is working on to make in a final form so that posting of these positions on a system-wide basis within AHS is avoided.



Foothills Medical Centre  
1403 29th Street NW  
Calgary, AB  
T2N 2T9

- PRIVATE & CONFIDENTIAL -

For all regular part-time and regular full-time RNs, LPNs, PCAs, NAs, Unit Clerks, Surgical Processors,  
Physiotherapists, Pharmacist & MRT

August 11, 2010

<Employee Name>  
c/o Network Health Inc.

**Position: <AHS Proposed Classification>**

Dear < First Name >,

I am pleased to provide you with a conditional offer of employment with Alberta Health Services (AHS) for the above noted position. The following outlines some of the terms and conditions of this offer of employment:

1. The effective date of your hire will be November 15, 2010.
2. The position offered is <Proposed Status> <Proposed FTE> Full Time Equivalent (FTE).
3. This position falls within the <Union Affiliation> union and as such is subject to the terms and conditions of the current collective agreement between AHS and <Union Affiliation>, and the terms of the program move agreement negotiated.
4. The terms of a program move of the publicly funded Orthopaedic Surgical Services from Network Health Inc. to AHS are still being negotiated with <union name>, and once these negotiations are complete the signed agreement will be shared with you.
5. Based upon the role being offered at AHS, you will be placed at the AHS rate of pay on the salary scale associated with this position/classification.
6. This offer of employment from AHS is subject to the approval of the Alberta Court of Queen's Bench.
7. This offer of employment from AHS is also subject to your acceptance of this conditional offer and the presentation of your credentials/license related to the AHS position offered prior to starting as an AHS employee.
8. Upon approval of this offer of employment from AHS by the Court (item # 6 above) and provided you have conditionally accepted this offer and have the required credentials/license related to the position offered (item #7 above), you will be provided with the final terms and conditions of employment for the position (items # 2, 3, 4 and 5 above) for your agreement and final acceptance. Upon your acceptance of the final terms and conditions of the position, your position with AHS will be confirmed.

If you have any questions regarding the terms and conditions set out in this offer, please do not hesitate to contact Michele Austad at 403-944-2927 or Stacey Roach (Senior Advisor, Human Resources, AHS) at 403-473-7028 (cell).

Please carefully review the terms of this offer and if you are in agreement, please indicate your acceptance by signing in the space provided for below and faxing back both pages of this letter (signed as accepted by you with your signature witnessed) to the confidential fax located in my office at 403-944-1044. We look forward to receiving your acceptance of this conditional offer of employment with Alberta Health Services. Please provide your response no later than Monday, August 16, 2010, at 4:30 p.m.

Sincerely,

Shawna Syverson  
Vice-President, Foothills Medical Centre  
c.c. Personnel File

I, <Employee Name>, accept the above conditional offer of employment with Alberta Health Services.

Dated \_\_\_\_\_, 2010

Witness (print name on line below)  
\_\_\_\_\_

Employee Signature  
\_\_\_\_\_



Foothills Medical Centre  
1403 29th Street NW  
Calgary, AB  
T2N 2T9

- PRIVATE & CONFIDENTIAL -

For all Casual RNs, LPNs, PCAs, NAs, Unit Clerks, Surgical Processors, Physiotherapists, Pharmacist & MRT

August 11, 2010

< Employee Name >  
c/o Network Health Inc.

**Position: <AHS Proposed Classification>**

Dear <First Name>,

I am pleased to provide you with a conditional offer of employment with Alberta Health Services (AHS) for the above noted position. The following outlines some of the terms and conditions of this offer of employment:

1. The effective date of your hire will be November 15, 2010.
2. The position offered is casual and will be located at the Foothills Medical Centre campus site; however the specific department/unit of the position will be determined closer to your start date.
3. This position falls within the <Union Affiliation> union and as such is subject to the terms and conditions of the current collective agreement between AHS and <Union Affiliation>, and the terms of the program move agreement negotiated.
4. The terms of a program move of the publicly-funded Orthopaedic Surgical Services from Network Health Inc. to AHS are still being negotiated with <union name>, and once these negotiations are complete the signed agreement will be shared with you.
5. Based upon the role being offered at AHS, you will be placed at the AHS rate of pay on the salary scale associated with this position/classification.
6. This offer of employment from AHS is subject to the approval of the Alberta Court of Queen's Bench.
7. This offer of employment from AHS is also subject to your acceptance of this conditional offer and the presentation of your credentials/license related to the AHS position offered prior to starting as an AHS employee.
8. Upon approval of this offer of employment from AHS by the Court (item # 6 above) and provided you have conditionally accepted this offer and have the required credentials/license related to the position offered (item #7 above), you will be provided with the final terms and conditions of employment for the position (items # 2, 3, 4 and 5 above) for your agreement and final acceptance. Upon your acceptance of the final terms and conditions of the position, your position with AHS will be confirmed.

If you have any questions regarding the terms and conditions set out in this offer, please do not hesitate to contact Michele Austad at 403-944-2927 or Stacey Roach (Senior Advisor, Human Resources, AHS) at 403-473-7028 (cell).

Please carefully review the terms of this offer and if you are in agreement, please indicate your acceptance by signing in the space provided for below and faxing back both pages of this letter (signed as accepted by you with your signature witnessed) to the confidential fax located in my office at 403-944-1044. We look forward to receiving your acceptance of this conditional offer of employment with Alberta Health Services. Please provide your response no later than Monday, August 16, 2010, at 4:30 p.m.

Sincerely,

Shawna Syverson  
Vice-President, Foothills Medical Centre  
c.c. Personnel File

I, <Employee Name>, accept the above conditional offer of employment with Alberta Health Services.

Dated \_\_\_\_\_, 2010

Witness (print name on line below)

Employee Signature

HRC Employees to receive "RPT & RFT" Letters

(48 Employees)

Last Name	First Name	FTE	Occupation	Cost Centre	AHS Classification	AHS Transfer Date
REDACTED		1.00	CI - MOA	Central Intake	Clerk I	15-Nov-10
		0.90	IM - MOA	Internal Medicine	Clerk I	15-Nov-10
		0.60	LPN	Resident Services	LPN	15-Nov-10
		0.60	LPN	Resident Services	LPN	15-Nov-10
		1.00	LPN	Resident Services	LPN	15-Nov-10
		1.00	LPN	Resident Services	LPN	15-Nov-10
		0.85	LPN	Resident Services	LPN	15-Nov-10
		1.00	LPN	Central Intake	LPN	15-Nov-10
		1.00	NA	Operating Room	Aide III	15-Nov-10
		1.00	NA	Operating Room	Aide III	15-Nov-10
		0.80	ORT	Operating Room	ORT	15-Nov-10
		1.00	ORT	Operating Room	ORT	15-Nov-10
		1.00	ORT/LPN	Operating Room	ORT	15-Nov-10
		1.00	PCA	Resident Services	PCA	15-Nov-10
		0.80	Physiotherapist	Resident Services	Therapy Aide	15-Nov-10
		1.00	RN	Resident Services	RN	15-Nov-10
		0.75	RN	Resident Services	RN	15-Nov-10
		1.00	RN	Resident Services	RN	15-Nov-10
		0.30	RN	Resident Services	RN	15-Nov-10
		0.50	RN	Operating Room	RN	15-Nov-10
		0.20	RN	Resident Services	RN	15-Nov-10
		0.90	RN	Resident Services	RN	15-Nov-10
		0.80	RN	Resident Services	RN	15-Nov-10
		0.40	RN	Operating Room	RN	15-Nov-10
		1.00	RN	Resident Services	RN	15-Nov-10
		0.60	RN	Operating Room	RN	15-Nov-10
		1.00	RN	Operating Room	RN	15-Nov-10
		1.00	RN	Operating Room	RN	15-Nov-10
		0.50	RN	Operating Room	RN	15-Nov-10
		0.55	RN	Resident Services	RN	15-Nov-10
		0.65	RN	Resident Services	RN	15-Nov-10
		0.85	RN	Operating Room	RN	15-Nov-10
		0.80	RN	Operating Room	RN	15-Nov-10
		1.00	RN	Operating Room	RN	15-Nov-10
		0.80	RN	Operating Room	RN	15-Nov-10
		0.60	RN	Internal Medicine	RN	15-Nov-10
		0.60	RN	Operating Room	RN	15-Nov-10
		0.90	RN - IP Manager	Resident Services	NC	15-Nov-10
		1.00	RN-OR Manager	Operating Room	NC	15-Nov-10
		1.00	Surgical Processor	Operating Room	SP I	15-Nov-10
		0.60	Surgical Processor	Operating Room	SP I	15-Nov-10
		1.00	Surgical Processor	Operating Room	SP I	15-Nov-10
		0.60	Surgical Processor	Operating Room	SP I	15-Nov-10
		1.00	Surgical Processor	Operating Room	SP I	15-Nov-10
		1.00	Surgical Processor	Operating Room	SP I	15-Nov-10
		1.00	Unit Clerk	Resident Services	Unit Clerk	15-Nov-10
		0.6	Physiotherapist	Resident Services	PT I	15-Nov-10
		0.7	MRT I	Operating Room	MRT I	15-Nov-10



Last Name	First Name	FTE	Occupation	Cost Centre	AHS Classification	AHS Transfer Date
		Casual	RN	Operating Room	RN	15-Nov-10
		Casual	RN	Resident Services	RN	15-Nov-10
		Casual	RN	Operating Room	RN	15-Nov-10
		Casual	RN	Operating Room	RN	15-Nov-10
		Casual	RN	Resident Services	RN	15-Nov-10
		Casual	RN	Resident Services	RN	15-Nov-10
		Casual	RN	Resident Services	RN	15-Nov-10
		Casual	RN	Resident Services	RN	15-Nov-10
		Casual	RN	Operating Room	RN	15-Nov-10
		Casual	RN	Resident Services	RN	15-Nov-10
		Casual	RN	Resident Services	RN	15-Nov-10
		Casual	RNFA	Operating Room	NC	15-Nov-10
		Casual	RNFA	Operating Room	NC	15-Nov-10
		Casual	RNFA	Operating Room	NC	15-Nov-10
		Casual	RNFA	Operating Room	NC	15-Nov-10
		Casual	Surgical Processor	Operating Room	SP I	15-Nov-10
		Casual	Surgical Processor	Operating Room	SP I	15-Nov-10
		Casual	Surgical Processor	Operating Room	SP I	15-Nov-10
		Casual	Surgical Processor	Operating Room	SP I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Physiotherapist	Resident Services	PT I	15-Nov-10
		Casual	Pharmacy Tech	Resident Services	Pharmacy Tech	15-Nov-10
		Casual	Pharmacy Tech	Resident Services	Pharmacy Tech	15-Nov-10
		Casual	MRT	Resident Services	MRT I	15-Nov-10
		Casual	MRT	Resident Services	MRT I	15-Nov-10
		Casual	MRT	Resident Services	MRT I	15-Nov-10
		Casual	MRT	Resident Services	MRT I	15-Nov-10

REDACTED



## Memorandum

**Date:** August 11, 2010  
**To:** Health Resource Centre Staff  
**From:** Shawna Syverson, Vice President, Foothills Medical Centre  
**RE:** Conditional offers of employment from Alberta Health Services

---

As some background to the conditional offer of employment that you have received today from Alberta Health Services (AHS), this memo is intended to provide you with answers to some questions you may have about the conditional offer of employment. We appreciate that the situation has been difficult and hopefully this memo will assist in providing information that will be of assistance.

1. Why is the offer "conditional"?

The offer is conditional because HRC continues to operate its business and may or may not continue to do so in the future, depending on court proceedings in which HRC is involved. If HRC is not operational in the future, the HRC management team has expressed interest in exploring employment opportunities that AHS may have to offer to HRC staff.

AHS agreed to work with the relevant unions (HSAA, AUPE and UNA) to prepare a proposal for a program move of the publicly funded Orthopedic Surgical Services to AHS McCaig Tower, which is scheduled to open on November 15, 2010. Such a program move offers opportunities to HRC staff to move over to AHS as a "program" or unit into a relatively equal classification, rather than AHS posting all the individual positions across the system with staff having to go through an application process. These types of program moves have been successfully undertaken by AHS and its unions previously. All of the unions (HSAA, AUPE and UNA) have indicated their commitment to AHS to work toward a program move and those negotiations are ongoing.

As a result of these matters still being unresolved, the offer is subject to conditions that still need to be met before such a program move can be undertaken. This includes the court making a decision on whether AHS may move forward with its offers of employment to HRC staff.

2. The offer does not tell me my salary, schedule or other details about the proposed position at McCaig Tower. Why not?

AHS and its unions (HSAA, AUPE and UNA) have been in ongoing discussions to complete the agreement on the terms and conditions that will apply to the positions in the program move. These discussions take time and are contingent upon the availability of key representatives; however, AHS and the unions are committed to completing the negotiations as soon as possible. Once those negotiations are complete, you will receive full details regarding the terms

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Office of the Vice President, Foothills Medical Centre

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and conditions applicable to the position offered to you and you will have the opportunity to review these additional terms and conditions before you accept the final offer of employment (once all conditions are removed). This is just another step in the process. You will not be required to accept a position that you do not want.

3. When will I know more about whether I have a position with AHS at McCaig Tower?

The court will determine whether AHS may move forward with its offers of employment to HRC staff. If the court does not allow AHS to confirm the offers of employment to HRC staff, then the conditions for making the offers will not be met and the offers from AHS will be withdrawn. As of August 11, 2010, this matter is scheduled to be before the court on August 18, 2010.

Thank you for considering the conditional offers. I appreciate how difficult and confusing this process has been for all and wish to thank everyone for their patience and cooperation throughout, as well as in understanding the complexity of this situation.

**Robson, Laurie M.**

---

**From:** Robson, Laurie M.  
**Sent:** August 12, 2010 12:11 PM  
**To:** SMiller@networc.com; TSaunders@networc.com; BSimpson@networc.com  
**Cc:** randerson@osler.com; Chris (CFO) Mazurkewich; Howard Gorman; rick.f.osuna@ca.pwc.com; Ircandia, John L.  
**Subject:** FW: AHS - Networc Employee Proposal  
**Importance:** High  
**Attachments:** CAL01-794671-v1-Conditional\_Letter\_-\_RPT\_RFT\_Clinic.PDF; CAL01-794672-v1-Conditional\_Letter\_-\_Casual\_Clinic.PDF; CAL01-794669-v1-HRC\_Letter\_Spreadsheet\_(Aug\_11\_2010).PDF; CAL01-794670-v1-Memo\_to\_HRC\_staff\_(About\_conditional\_offer).PDF; CAL01-794719-v1-Memo\_-\_HRC\_employee\_proposal.PDF

Dr. Miller, Mr. Saunders and Mr. Simpson:

I am the labour and employment partner at BLG working with AHS and John Ircandia on the AHS employment proposal to the Networc employees. Yesterday, the AHS proposal was sent out to your counsel, Robert Anderson, and the Interim Receiver (PwC) and its counsel. This email is set out below. I apologize that it did not make its way to you yesterday.

Please find attached the relevant documents from AHS, along with our client's memo setting out the AHS employee proposal. There are 5 attachments to this email - noting that the list of employee names (RPT/RFT and Casual) are set out in one document on separate pages in the document titled "HRC Letter Spreadsheet (August 11, 2010)".

AHS is seeking confirmation from Networc (in consultation with your legal counsel) that AHS may immediately proceed to make the conditional offers to the Networc employees identified on the attached spreadsheet. We await your confirmation.

Regards,

Laurie

---

**LAURIE M. ROBSON**

PARTNER

Direct 403.232.9482

[lrobson@blgcanada.com](mailto:lrobson@blgcanada.com)

**BORDEN LADNER GERVAIS LLP**

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---

**From:** Robson, Laurie M.

**Sent:** August 11, 2010 5:26 PM

**To:** randerson@osler.com

**Cc:** Ircandia, John L.; Howard Gorman; rick.f.osuna@ca.pwc.com; Chris (CFO) Mazurkewich; Shawna Syverson

16/08/2010

**Subject:** AHS - Network Employee Proposal  
**Importance:** High

Robert:

I am the labour and employment partner at BLG working with AHS and John Ircandia on the AHS employment proposal to the Network employees. John has asked that I email you directly with the materials related to the AHS proposal for HRC staff. Please find attached the relevant documents from AHS, along with our client's memo setting out the AHS employee proposal. There are 5 attachments to this email - noting that the list of employee names (RPT/RFT and Casual) are set out in one document on separate pages in the document titled "HRC Letter Spreadsheet (August 11, 2010)". Please call either John or myself directly in respect of this proposal.

We are asking for your confirmation that AHS may immediately proceed to make the conditional offers to the Network employees identified on the attached spreadsheet. We await your confirmation.

Regards,

Laurie

**Laurie M. Robson**  
PARTNER  
Direct 403.232.9482  
[lrobson@blgcanada.com](mailto:lrobson@blgcanada.com)

**BORDEN LADNER GERVAIS LLP**  
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16/08/2010

**LETTER OF UNDERSTANDING**  
**BETWEEN**  
**ALBERTA HEALTH SERVICES (AHS)**  
**("The Employer")**

- and -

**THE HEALTH SCIENCES ASSOCIATION OF ALBERTA (HSAA)**  
**("The Union")**

THIS IS EXHIBIT **B**  
referred to in the Affidavit of  
Chris Mazurkewich

Sworn before me this 16<sup>th</sup>  
day of August A.D. 20 10

Trudi Theew  
A Commissioner for Oaths in and for  
the Province of Alberta

**TRUDI THEEW**

A COMMISSIONER FOR OATHS IN AND  
FOR THE PROVINCE OF ALBERTA  
MY APPOINTMENT EXPIRES JULY 14, 2011

**RE: EMPLOYEES ACCEPTING OFFERS OF EMPLOYMENT WITH ALBERTA  
HEALTH SERVICES – PARAMEDICAL TECHNICAL AND PROFESSIONAL**

Except as provided below, all terms and conditions of the AHS/HSAA Paramedical Technical and Professional Collective Agreement (expiring March 31, 2011) shall apply effective November 15, 2010.

**1. CLASSIFICATION AND SALARIES**

AHS classifications for transferring employees shall apply as follows:

<b>Network Health Inc.</b>	<b>Alberta Health Services Classifications</b>
Medical Radiation Technologist	Medical Radiation Technologist I
Physiotherapist	Physical Therapist I
Pharmacist	Pharmacist I

- (a) (i) Employees shall be placed at the appropriate step on the salary scale. However, if, after an Employee has been placed on the appropriate step of the Salaries Appendix in accordance with Article 15: Recognition of Previous Experience of the AHS/HSAA Collective Agreement, the Employee's rate of pay with Network Health Inc., is higher\* than the applicable Basic Rate of Pay under the AHS/HSAA Collective Agreement, the Employee's rate of pay shall be red-circled in accordance with (b) below. An Employee whose rate of pay has been red-circled shall remain red-circled until the applicable Basic Rate of Pay equals or exceeds their red-circled rate of pay.

**Note:** Basic Rate of Pay is defined as "the step in the scale applicable to the Employee as set out in the Salaries Appendix inclusive of any applicable educational allowances, but exclusive of all other allowances and premium payments.

**\*NOTE:** For the three (3) casual Physical Therapists that are currently

- 2 -

paid at fifty dollars (\$50.00) and sixty dollars (\$60.00) per hour the red-circling provisions of this Letter of Understanding will have no application. The three (3) individuals will be placed on the appropriate step of the April 1, 2010 Salary Appendix of the AHS/HSAA Collective Agreement (April 1, 2008 to March 31, 2011) based on recognition of previous experience.

- (ii) Employees who currently are regular employees of AHS their placement on the HSAA salary scale will be at the rate of pay for their current regular AHS position.
- (b) Subject to (a) above, effective November 15, 2010, the Employee's Basic Rate of Pay will be determined as follows:
- (i) An Employee's hourly rate of pay on the Salaries Appendix will be determined by placing them on the Pay Step that is closest to, but no less than their current rate of pay (i.e. equal to or greater than current hourly rate).
  - (ii) If the Employee's current rate of pay is greater than the top step for that classification in the Salaries Appendix, the Employee's hourly rate will be red-circled in accordance with Item I(a) above.
  - (iii) If applicable, Employees shall submit, no later than December 31, 2010, the following documentation to determine their applicable Basic Rate of Pay:
    - proof of previous experience in accordance with Article 15: Recognition of Previous Experience of the AHS/HSAA Collective Agreement
  - (iv) See Item 11: Multiple Positions for determination of the Basic Rate of Pay for Employees currently holding positions with both Network Health Inc. and AHS.

## 2. HOURS OF WORK AND SCHEDULING

The Parties agree that Article 10: Hours of Work and Article 11: Work Schedules and Shifts of the AHS/HSAA Collective Agreement, will apply to employees effective November 15, 2010.

## 3. SENIORITY

The Employee's seniority date with AHS will be November 15, 2010, or their concurrent AHS/HSAA seniority date as of November 15, 2010.

- 3 -

#### 4. PROBATION PERIODS

Probation periods in progress upon the date of transfer shall be completed under the terms of the collective agreement.

#### 5. SICK LEAVE TRANSITIONAL PROVISION

Effective November 15, 2010, the following provisions will be used to transition Employees to the Sick Leave provisions, as per Article 23: Sick Leave of the AHS/HSAA Collective Agreement:

- (a) The Employee's years of uninterrupted employment with Network Health Inc. (as per their most recent date of hire) shall be considered continuous services within the bargaining unit for purposes of establishing the Employee's sick leave bank with AHS. Regular Full-time Employees shall have a sick leave bank established by providing eighteen (18) working days of sick leave for each full year of eligible service to a maximum of one hundred and twenty (120) working days. Sick leave entitlement for any partial years of service shall be calculated in accordance with Item 5(b) and added to the bank subject to the one hundred and twenty (120) working day maximum.
- (b) Employees with less than one (1) full year of service as a Regular Employee shall have a sick leave bank established by calculating one point five (1.5) days of sick leave accrual per month of service, to a maximum of eighteen (18) working days sick leave credit.
- (c) Regular Part-time Employees shall have a sick leave bank established in accordance with points (a) and (b) above, that will be pro-rated based upon their full-time equivalency as at November 15, 2010.
- (d) Accrual and utilization of sick leave shall be administered in accordance with the provisions of Article 23: Sick Leave commencing November 15, 2010.
- (e) Employees not actively at work due to illness or disability on November 15, 2010, will be eligible for coverage in accordance with provisions outlined in the AHS/HSAA Collective Agreement upon their return to active employment with AHS.
- (f) In the event that an Employee has a sick leave bank with AHS and is transferring from Network Health Inc. as a Regular Employee, a sick leave accrued amount shall be established in accordance with the above and added to the Employee's existing AHS sick leave bank, subject to the maximum accrual of eighteen (18) working days per year to one hundred twenty (120) working days in total.

#### 6. PENSION

Effective November 15, 2010, Employees will be enrolled in the Local Authorities Pension Plan, as per Article 26: Pension Plan of the AHS/HSAA Collective Agreement.

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**7. BENEFITS**

Effective November 15, 2010, Employees will be enrolled in the applicable AHS Benefit Plan, as per Article 25: Employee Benefit Plans of the AHS/HSAA Collective Agreement.

**8. VACATION**

An Employee's vacation bank with Network Health Inc. as of November 14, 2010 will be transferred to AHS, to a maximum of the entitlement rates per year of employment as stated in Article 21: Vacation with Pay of the AHS/HSAA Collective Agreement. Commencing November 15, 2010, an Employee's vacation entitlement, accrual rates, etc. will be in accordance with Article 21: Vacation with Pay of the AHS/HSAA Collective Agreement.

**9. NAMED HOLIDAYS**

Effective November 15, 2010, Employees will be eligible for Named Holidays in accordance with Article 22: Named Holidays of the AHS/HSAA Collective Agreement.

**10. OTHER BANKED TIME**

"Other Banked Time" accrued by Employees will not be transferred to AHS.

**11. MULTIPLE POSITIONS**

Employee's transferring from Network Health Inc. who also have positions with AHS as at November 15, 2010, shall be covered under the provisions as outlined in Article 29.11: Employment in Multiple Positions.

**12. LETTERS TO EMPLOYEES**

- (a) Employee shall receive a letter from AHS which shall include the following:
- (i) the number of hours per shift and shifts per shift cycle;
  - (ii) increment level and Basic Rate of Pay;
  - (iii) vacation entitlement level; and
  - (iv) the Employee's designated home site, any additional sites where applicable and confirmation that the position is an "at" position.
- (b) Each Regular Employee shall have sixty (60) consecutive calendar days from the date of notification of the information in Item 12(a) above, to advise the Employer, in writing, if the Employee believes the information is incorrect. If the Employer and Employee agree on the correction, the information and Employee letter will be corrected accordingly. Failing such agreement, the Employee's

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records shall remain in accordance with the original Letter provided to the Employee.

ON BEHALF OF THE EMPLOYER

*Kimberly LeBlanc*  
KIMBERLY LEBLANC

ON BEHALF OF THE UNION

*Wendy Renaud*  
WENDY RENAUD

DATE: August 12 /10.

DATE: Aug 12, 2010

**Action No.: BK01-094004**  
**QB 1001 - 06509**

2010

IN THE COURT OF QUEEN'S BENCH OF  
 ALBERTA  
 IN BANKRUPTCY AND INSOLVENCY

IN THE MATTER OF THE BANKRUPTCY  
 OF NETWORK HEALTH INC.

AND BETWEEN:

IN THE COURT OF QUEEN'S BENCH OF ALBERTA  
 JUDICIAL DISTRICT OF CALGARY

**ALBERTA HEALTH SERVICES**

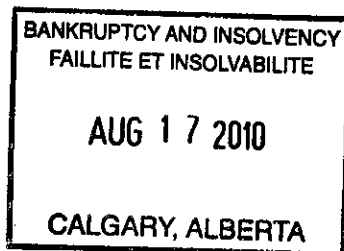
Plaintiff

-and-

**NETWORK HEALTH INC.,**

Defendant

**AFFIDAVIT OF CHRIS MAZURKEWICH**  
**(Re: AHS Employee Proposal)**  
 sworn August 16, 2010



**BORDEN LADNER GERVAIS LLP**

Barristers and Solicitors  
 1000 Canterra Tower  
 400 Third Avenue S.W.  
 Calgary, Alberta T2P 4H2

**Attention: John L. Ircandia**  
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File No. 014758-000314