

CONTRACT OF PERSONAL EMPLOYMENT

THIS AGREEMENT dated 1st day of April, 2015

BETWEEN:

**THE AGRICULTURE FINANCIAL SERVICES
CORPORATION BOARD OF DIRECTORS
(hereinafter called "the Board")**

- and -

**BRAK KLAK
OF THE CITY OF EDMONTON, OF THE
PROVINCE OF ALBERTA
(hereinafter called the "Employee")**

It is agreed between the Board and the Employee as follows:

- | | |
|---------------------|---|
| POSITION | 1. The Board shall employ the Employee in the position of President and Managing Director, Agriculture Financial Services Corporation (hereinafter called the "Corporation") and the employee shall perform the duties of such position and shall assume such additional duties as may from time to time be prescribed by the Chair of the Agriculture Financial Services Corporation ("Chair") or the Chair's duly authorized designate. |
| TERM | 2. The Employee's two (2) year employment contract shall commence April 1, 2015 to the expiration of this contract on March 31, 2017 unless sooner terminated as hereinafter set out. |
| REMUNERATION | 3. (a) The Board shall pay the Employee at the rate of \$507,062.50. per annum payable in monthly installments of \$42,255.21 less any and all deductions required to be made by law or as authorized by the Employee. At the Employee's option, the Employee shall be eligible to receive a portion of the monthly installment at mid month. ✓

(b) The Employee is eligible to earn a bonus up to a maximum of 30% of the annual remuneration in 3(a) above. Bonus is based on performance, will be measured by the metrics established in AFSC's incentive plan, and is at the discretion of the Board.

(c) The Employee shall receive Cost of Living Allowance (COLA) in the same amount and manner as all other employees of the Corporation. ✓

(d) The Board will review the compensation structure on a regular basis. |

Entered
April 21, 2015
AB

✓

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- NO OTHER RIGHTS OR BENEFITS** 4. The employee shall not be entitled to any of the rights or benefits afforded to employees of the Corporation, except as provided in this Agreement.
- PENSION** 5. The Employee shall continue to participate in the Management Employees Pension Plan.
- BENEFITS** 6. The Employee shall be eligible for the following benefit plans (and equivalent Employer/Employee cost sharing arrangements) accorded to employees of the Corporation.
- (a) Paid annual vacation leave in accordance with annual vacation leave entitlements prescribed for employees of the Corporation. The scheduling of vacation shall be subject to the approval of the Chair. Upon termination of this Agreement accrued vacation entitlement shall be calculated in accordance with the Corporation policy and the Employee shall, at such termination, reimburse the Corporation for any vacation taken in excess of entitlement. Any accrued vacation entitlement not taken by the Employee at such termination shall be paid by the Corporation to the Employee.
 - (b) Eligibility to earn up to a maximum of fifteen (15.00) days, to be taken as earned time off, subject to the guidelines and rules outlined in the Corporation's Earned Time Off policy.
 - (c) Paid holidays and special leave normally granted to employees of the Corporation.
 - (d) Participation in the AFSC Benefit Plan (employer and employee funded) with the following components:
 - i. Life and Accidental Death and Dismemberment Insurance; Group Life Insurance and Dependant Life Insurance
 - ii. Employee and Family Assistance Program;
 - iii. Long Term Disability Insurance;
 - iv. Extended Health and Dental Insurance
 - v. Health Spending Account
 - (e) Participation in the Government of Alberta's Retirement Compensation Arrangement (RCA).
- AUTOMOBILE** 7. The Board agrees to provide the Employee with an automobile in accordance with policy and practice, or, in lieu thereof, an additional \$8,000. in annual salary, at the employee's option.

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TRAVEL AND SUBSISTENCE EXPENSES

8. (a) The Employee shall be entitled to reimbursement for traveling and subsistence expenses incurred in the course of travel authorized by the Chair or the Chair's duly authorized designate. The amount of reimbursement shall be as prescribed for employees of the Corporation.

TERMINATION

9. (a) The Board reserves the right to terminate the employment of the Employee under this Agreement at any time without notice for just cause.
- (b) The Board may terminate the employment of the Employee under this Agreement without reason or cause by giving eighteen (18) months notice in writing to the Employee of the Board's intention to terminate this Agreement.
- (c) The Board's obligations to give notice may be discharged by paying to the Employee an amount equivalent to the Employee's salary for the period of notice.
- (d) The Employee may terminate employment under this Agreement by providing the Board with at least six (6) month's prior written notice of termination. All outstanding vacation will be paid out pursuant to Clause 6(a) unless otherwise agreed to by the Board.

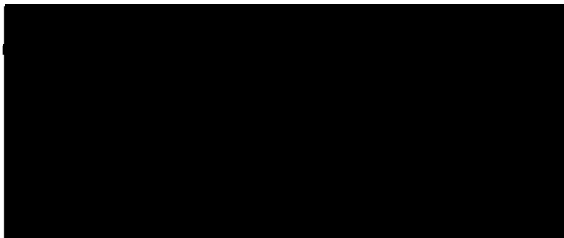
The parties agree the above notice or payment in lieu thereof is reasonable.

NOTICE OF TERMINATION

10. Notice of termination shall be in writing and shall be given personally or by prepaid registered letter addressed to the party for which intended at the address hereunder, or to such other address as may be substituted therefore from time to time, and if mailed, shall be deemed to be given forty-eight (48) hours after it is mailed:

TO THE CHAIR:

5718 56 Avenue
Lacombe, AB
T4L 1B1



CONDUCT

11. The Employee agrees to comply with:
- (a) the Code of Conduct and Ethics Regulations for employees of the Agriculture Financial Services Corporation;

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(b) all rules and regulations established from time to time by the Government of Alberta and the Board for the conduct of employees.

(c) and fulfill the responsibilities outlined in the Memorandum of Understanding that exists between the Board of Directors and the Minister of Agriculture and Rural Development.

NO OTHER SERVICE

12. The Employee shall devote all of his time and give his best efforts to the discharge of his duties hereunder and he shall not during the term hereof enter into the service of or be employed in any capacity or for any purpose whatsoever by any person, firm or corporation other than the Corporation and he shall not during the said period of time be engaged in any business, enterprise or undertaking other than his employment hereunder except with the prior written approval of the Board and only for so long as such business, enterprise or undertaking does not conflict with the Employee's performance of his duties under this Agreement.

CONFIDENTIAL MATERIALS

13. All information and materials prepared or acquired by the Employee in the discharge of his duties hereunder are of a confidential nature and shall not be released or disclosed by the Employee to any party other than the Board or Corporation.

MATERIALS PROPERTY OF EMPLOYER

14. Upon expiration or termination of this Agreement, all materials and other information acquired or produced by the Employee in connection with the performance of this Agreement become the sole property of the Corporation without further compensation or payment to the Employee and the Employee shall forthwith transmit such information and materials to the Corporation.

TRADE KNOWLEDGE

15. Any trade knowledge acquired by the Employee as a result of the performance of this Agreement shall be held in strict confidence unless release is specifically authorized by the Board or Corporation and any benefits resulting from the development of such trade knowledge shall accrue to the Corporation.

THIS AGREEMENT REPRESENTS TOTAL AGREEMENT

16. This Agreement constitutes the entire Agreement between the parties and supersedes any previous agreements between the parties. There are no conditions to this Agreement and there have been no representations or warranties made by the parties except as contained in this Agreement.

17. The Parties may, from time to time and by mutual agreement, amend the terms of this Agreement in writing.

IN WITNESS WHEREOF the parties have hereunto executed this Agreement as of the day and year first above written.

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Andruski
Witness

[Signature]
Agriculture Financial Services Corporation
Board Chair

Aug 27/14
Date

Aug 27/14
Date

Andruski
Witness

[Signature]
Brad Klak
Agriculture Financial Services Corporation
President & Managing Director

Aug 27/14
Date

Aug 27/14.
Date