

STEVENSON MEMORIAL HOSPITAL FOUNDATION
(an Ontario Corporation)

MEMBERSHIP EXCERPTS FROM: GENERAL OPERATING BY-LAW NO. 6

PART I DEFINITIONS, FUNDAMENTAL TERMS AND INTERPRETATION

1. DEFINITIONS

1.01 In this General Operating By-law and in all other By-laws and Resolutions of the Corporation, unless the context otherwise requires, the following definitions shall apply, with the defined words and phrases being capitalized in this General Operating By-law for ease of reference:

- (a) "Meeting of Members", "Membership Meeting" or "Members Meeting" includes any annual Meeting of Members or special Meeting of Members;
- (b) "Member" means a Member of the Corporation;
- (c) "Members" or "Membership" means the collective Membership of the Corporation;
- (d) "Membership Statement" means the Statement described in Sections 3.01 and 3.02 that all Members, Directors and Officers are required to sign and adhere to;
- (e) "Objects" means the charitable Objects of the Corporation contained in the Letters Patent, as amended and supplemented from time to time by Supplementary Letters Patent, that all Directors and Members are required to adhere to;
- (ff) "Proxy" means an authorization by means of which a member has appointed a proxy holder to attend and act on the member's behalf at a meeting of the members.

2. FUNDAMENTAL TERMS AND INTERPRETATIONS

2.01 Objects - This General Operating By-law and any other By-laws of the Corporation shall be strictly interpreted at all times in accordance with and subject to the Objects contained in the Letters Patent of the Corporation, which Objects for purposes of this General Operating By-law are incorporated by reference and made a part hereof. If any of the provisions contained in this General Operating By-law are inconsistent with those contained in the Letters Patent, the provisions contained in the Letters Patent, as the case may be, shall prevail.

PART II MEMBERSHIP

3. DEFINITION OF AND ADMISSION TO MEMBERSHIP

3.01 Definition of Membership - Membership in the Corporation shall consist of those Persons recorded as Members of the Corporation as of the date of approval of this General Operating By-law by the Members of the Corporation. Thereafter, Membership in the Corporation shall only consist of those Persons who:

- (a) are twenty-one (21) years of age or older;
- (b) are committed to furthering the Objects of the Corporation as contained in the Letters Patent;
- (c) have subscribed in writing by a Membership Statement to the Constitution;
- (d) whose admission as a Member has been approved by a two-thirds (2/3rds) Resolution of the Board;
- (e) are not in arrears of any Membership Fees.

3.02 Admission to Membership – A Membership Statement shall be signed and submitted to the Board. If the Board is satisfied that the application for Membership satisfies all of the definitions of Membership as set out in Section 3.01, then in its sole discretion by a two-thirds (2/3rds) majority Resolution of the Board, such Person shall thereafter become a Member of the Corporation.

3.03 Term of Membership – All Membership will be effective from the date of Board approval subject to payment of the applicable Membership Fee and will continue until the last day of the then current fiscal year.

3.04 Membership Fees – There shall be Membership fees or dues as may be determined by the Board of Directors from time to time. Payment of Membership Fees shall be deemed to have been paid upon the delivery, prepaid post-marked mailing, or the sending of a facsimile transfer of cash, cheque, money order, certified cheque, credit card payment, or electronic transfer of monies if then in effect, for the full amount of the applicable Membership Fees addressed to the head office of the Corporation within twenty-one (21) days of the Resolution of the Board of Directors approving the application.

3.05 Membership Record - A record of Members of the Corporation shall be kept by the Secretary of the Corporation.

4. DUTIES AND RIGHTS OF MEMBERSHIP

4.01 Duties and Rights of Membership - Membership in the Corporation shall carry the following duties and rights:

- (a) the duty to further the Objects of the Corporation;
- (b) the duty to respect and submit to the procedures of the Corporation as expressed in its Constitution;
- (c) the right to receive notice of, attend, speak and participate at all Meetings of Members; and
- (d) the right to a single vote either in person or by proxy at all Meetings of Members.

4.02 Membership Non-Transferable - Membership in the Corporation is non-transferable.

5. RESIGNATION AND TERMINATION OF MEMBERSHIP

- 5.01 Resignation of Membership – A Member may resign at any time from Membership in the Corporation by delivering a written notification of the resignation to the Chairperson or Secretary of the Corporation, which resignation shall become effective immediately upon acceptance by the Board.
- 5.02 Termination of Membership - Membership in the Corporation shall automatically terminate upon occurrence of any of the following:
- (a) a Member resigns in writing;
 - (b) a Member is in arrears of his or her Membership Fees;
 - (c) a Member fails to maintain all of the requirements contained in the definition of Membership set out in Section 3.01 as determined in the sole discretion of the Board by a majority Resolution;
 - (d) at a Meeting of Members of the Corporation called for that purpose, a Resolution is passed by a two-thirds (66%) vote that such Member be removed as a Member of the Corporation with or without cause, provided that such Member is first offered an opportunity to be heard; or
 - (e) on the death of the Member.

6. MEMBERSHIP MEETINGS

- 6.01 Annual Meeting - There shall be an annual Meeting of Members of the Corporation at such time and place as determined by the Board of Directors, provided that the annual Meeting of Members shall be held within three months from the end of the immediately preceding fiscal period.
- 6.02 Business of Annual Meeting - The annual Meeting of Members shall be held to transact such business as is required by the Act and as determined by the Board from time to time, but at a minimum shall be held to do the following:
- (a) to receive the annual report and/or other report(s) from the Board;
 - (b) to receive a report from the Auditor on the financial statements for the Corporation in accordance with the Act;
 - (c) to elect Directors as required;
 - (d) to appoint an Auditor for the current Fiscal Year and to fix or authorize the Board to fix remuneration for the Auditor;
 - (e) to approve past actions of the Directors and Officers; and
 - (f) to transact any other business properly brought before the meeting.

- 6.03 Special Meetings - The Board may at any time call a special Meeting of Members for the transaction of any business, the general nature of which is specified in the notice calling the meeting. A special Meeting of Members may also be called by the written request of at least one-tenth (1/10) of the total number of Members entitled to vote. Notice of such special Meeting of Members shall be sent by the Chairperson within thirty (30) days of the receipt of such written request.
- 6.04 Notice of Meetings - Notice of any annual or special Meeting of Members which specify the purpose, date, location and time of such Meeting of Members shall be provided to Members by any of the following means:
- (a) by mail sent to each Member to the address shown on the books of the Corporation not less than ten (10) days before the Meeting of Members is to take place;
 - (b) by electronic notice, including facsimile transfer or e-mail, sent to each Member not less than seven (7) days before the Meeting of Members is to take place;
 - (c) by personal service to each Member not less than four (4) days before the Meeting of Members is to take place; or
 - (d) in the event of an emergency, as determined by the Chairperson, by notice to each Member not less than twenty-four (24) hours before the Meeting of Members is to take place. Such Notice shall include the date, time, place and purpose of the Meeting of Members and shall contain sufficient information to permit the Members to make a reasonable judgment on the decision to be taken. Notice of each Meeting of Members must remind Members that they have the right to vote by proxy.
- 6.05 Waiver of Notice - A Member may waive notice of a Meeting of Members and attendance of any such Person at a Meeting of Members shall constitute a waiver of notice of the Meeting, except where such Person attends a Meeting for the express purposes of objecting to the transaction of any business on the grounds that the Meeting of Members is not lawfully called.
- 6.06 Omission of Notice - The accidental omission to give notice of any Meeting of Members or any irregularity in the notice of any such Meeting of Members or the non-receipt of any notice by any Member or by the Auditor of the Corporation shall not invalidate any Resolution passed or any proceedings taken at any Meeting of Members, provided that no Member objects in writing to the Chairperson of such omission or irregularity within thirty (30) days after the date of such meeting.
- 6.07 Quorum - A quorum for any annual or special Meeting of Members shall be constituted by the presence in person of the lesser of a majority of the Members of the Corporation or 12 Members of the Corporation, provided that in either case at least 5 of the Members present, either in person or represented by proxy, at the Meeting of Members are Directors of the Foundation. No business shall be transacted in any Membership Meeting unless the requisite quorum is present at the commencement of business. If a quorum is not present at the time appointed for a Meeting of Members within such reasonable time thereafter as the Members present may determine, the Members present and entitled to vote may adjourn the meeting to a fixed time and place subject to the notice requirement in Section 6.04 and may not transact any other business, otherwise the Membership Meeting shall be at an end. Only those Members present in person, by telephone or electronically shall be counted in determining whether or not a quorum is present.

6.08 Chairperson of Member Meetings - The Chairperson of Member Meetings shall be:

- (a) the Chairperson;
- (b) if the Chairperson is absent or unable to act, then the Vice- Chairperson; and
- (c) if the Chairperson and the Vice-Chairperson are absent or unable to act, then a Director appointed by the Board by Resolution.

6.09 Voting Rights of Members - All Members shall be entitled to one (1) vote on each question put to the Members at any Meeting of Members. Unless otherwise required by the provisions of the Act or this General Operating By-law, all questions proposed for consideration at a Meeting of Members shall be determined by a Resolution of the votes cast of the Members in person, represented by proxy, or participating by telephone conference call or other electronic means. In the case of equality of votes, the motion shall be defeated and dissenting votes shall be recorded.

6.10 Voting Procedure - At all Meetings of Members, every question shall be decided by a show of hands, unless a secret ballot on the question is required by the Chairperson or requested by any Member. Whenever a vote by a show of hands has been taken upon a question, a declaration by the Chairperson that a Resolution has been carried or lost by a particular majority is determinative and an entry to that effect in the minutes of the Corporation is conclusive evidence of the fact without proof of the number or proportion of votes recorded in favour of or against the motion, except in such cases where a secret ballot is conducted.

6.11 Secret Ballot - If, at any meeting, a secret ballot is requested, it shall be taken in the manner as the Chairperson directs. The result of a secret ballot shall be deemed to be the Resolution of the meeting at which the secret ballot was requested. A request for a secret ballot may be withdrawn at any time prior to its taking. The quantitative results of a secret ballot shall be announced to the Members at the meeting.

6.12 Voting Rights and Proxies - Votes at Meetings of Members may be given either personally or by proxy. At every meeting at which a Member is entitled to vote, every Member present or appointed by proxy to represent a Member shall have one (1) vote for each Member present or represented by proxy. A proxy shall be executed by the Member or the Member's attorney authorized in writing. A proxy may be in the following form, or some similar form:

"The undersigned Member of Stevenson Memorial Hospital Foundation, hereby appoints, _____ a Member as the proxy of the undersigned to attend and act at the Meeting of the Members of the said Corporation to be held on the ____ day of, _____ [year], and at any adjournment or adjournments thereof in the same manner, to the same extent, and with the same power as if the undersigned were present at the said meeting or such adjournment or adjournments thereof.

DATED the ____ day of, _____ [year]

Signature of Member

Name of Member

The Board may from time to time make rules regarding the lodging of proxies at some place or places other than the place at which a meeting or adjourned Meeting of Members is to be held and to determine particulars of such proxies being cabled, telegraphed or sent by facsimile, e-mail or other electronic means, or in writing before the Meeting of Members or adjourned Meeting to the Corporation. The Chairperson may, subject to any rules made as aforesaid, in the Chairperson's discretion, accept telegraphic, cable, facsimile, e-mail or other electronic means, or written communication as to the authority of any Person claiming to vote on behalf of and to represent a Member notwithstanding that no proxy form as stated above conferring such authority has been lodged with the Corporation, and any votes given in accordance with such communication accepted by the Chairperson shall be valid and shall be counted.

- 6.13 Meeting by Telephone or Other Electronic Means - If a majority of the Members of the Corporation consent either at a Meeting of Members by Resolution or by consents signed individually by a majority of the Members, a Meeting of Members of the Corporation may be held by telephone conference call or by other electronic means that permits each Member to communicate adequately with each other, provided that:
- (a) the Board of Directors of the Corporation has passed a Resolution addressing the mechanics of holding such Meeting of Members in dealing specifically with how security issues are to be handled, the procedure for establishing a quorum and recording votes; and
 - (b) each Member has equal access to the specific means of communication to be used; and
 - (c) each Member has consented in advance to meeting by telephone or electronic means using the specific means of communication proposed for the Meeting of Members.
- 6.14 Procedural Code - The rules of procedures for Members Meetings, as well as Board meetings and all Committee meetings shall follow the Sturgis - The Standard Code of Parliamentary Procedure, by the most current edition, except where varied by the General Operating By-law.
- 6.15 Adjournments - Subject to other provisions of this General Operating By-law, any Meeting of Members may be adjourned to any time and from time to time by the Chairperson with the consent of the meeting and any business may be transacted at any adjourned meeting that might have been transacted at the original meeting from which the adjournment took place in accordance with the notice calling the same, provided that no notice of such adjournment need to be given to the Members.

PART III BOARD OF DIRECTORS

7. ESTABLISHMENT OF THE BOARD OF DIRECTORS

- 7.01 Number of Directors - The affairs, business and property of the Corporation shall be managed by a Board of not less than five (5) and not more than twelve (12) Directors. All Directors shall be elected by the Members of the Corporation and shall fulfill all of the qualifications set out in Section 7.02.
- 7.02 Qualifications for All Directors - The qualifications to be a Director of the Corporation shall include all of the following:

- (a) the Person must be twenty-one (21) years or older, and have power under law to contract;
- (b) the Person has executed a written consent to become a Director and subscribing to the Constitution, in the form required by the Policy Statement relating to appointments of Directors, Officers and Volunteers;
- (c) have no outstanding criminal convictions as verified by a criminal record check in accordance with the Policy Statement respecting criminal record checks;
- (d) the Person shall at the time of election or within 10 days thereafter, be a Member of the Corporation in good standing and pays Membership Fees within ten (10) days of becoming a Director and otherwise qualifies to be a Member;
- (e) save and except where permitted by law, the Person and such Person's spouse, father, mother, child, brother or sister, or spouses of such family members, and such other individual as living with and/or is financially supporting or supported by the Person, must not be an employee, agent or contractor who is receiving remuneration, either directly or indirectly, from the Corporation;
- (f) the Person must not be an undischarged bankrupt or become one at any time during their term as a Director;
- (g) the Person must not be a mentally incompetent person or become a mentally incompetent person at any time during their term as a Director;
- (h) the Person must not be in contravention of the conflict of interest provisions set out in Section 15.01 of this by-law; and
- (i) the person must not be a Director of the Board, an Officer or an Employee of the Hospital.

8. COMPOSITION AND ELECTION OF BOARD OF DIRECTORS

8.01 Composition of Board of Directors

- (a) The Board of Directors shall consist of not less than fifty-one percent (51%) of Persons who are residents of Canada for purposes of the Income Tax Act (Canada) and not more than forty- nine percent (49%) of Members who are "related persons" for the purposes of the Income Tax Act (Canada).
- (b) All Directors must have fulfilled all of the qualifications set out in Section 7.02.
- (c) The Stevenson Memorial Hospital may appoint one (1) member of their Board as a non-voting, ex-officio representative on the Stevenson Memorial Hospital Foundation Board.

8.02 Nomination of Directors - Nomination of qualified Persons to be elected as Directors and admitted as Members of the Corporation shall be made by the Board by Resolution.

8.03 Election of Directors - The Board of Directors shall be elected at the annual Meeting of Members by the Members from Persons who are Members or who become Members of the Corporation within ten (10) days of the date of their election.

12. AUTHORITY OF THE BOARD OF DIRECTORS

12.01 General Authority - The Board shall govern, administer, manage and control the affairs, activities, business and property of the Corporation.

12.02 Specific Authority - Without limiting the generality of the foregoing, the Board shall be authorized to carry out the following duties and responsibilities:

- (a) to exercise overall responsibility over the day-to-day administration and operations of the Corporation, either on its own or through the Executive Director, if applicable, or through other Persons as may be designated from time to time, and to authorize expenditures on behalf of the Corporation from time to time in the furtherance of its Objects;
- (b) to provide direction and leadership for the Corporation in pursuing its Objects;
- (c) to work in conjunction with the Executive Director to increase public awareness of the Corporation; its goals and needs to encourage support from the community;
- (d) to delegate responsibility and concomitant authority to the Executive Director, where applicable, or such Officers or Persons as may be designated from time to time by the Board, for the management and operation of the Corporation, its programs, facilities and various agencies;
- (e) to establish the selection process for the appointment of the Executive Director and to appoint the Executive Director in accordance with such process and ensure the ongoing evaluation of the Executive Director;
- (f) to establish Policy Statements not inconsistent with this By-law which will provide the general framework within which the Executive Director and staff will establish programs and procedures for the ongoing administration of the Corporation and the day-to-day management thereof;
- (g) to establish policies for monitoring compliance with the Constitution, the Act, and all applicable legislation;
- (h) to regularly review the functioning of the Corporation in relation to the Objects of the Corporation as stated in the Letters Patent, the By-laws, and the Policy Statements, and to demonstrate accountability for its responsibility to the annual Meeting of Members;
- (i) to ensure the establishment of provisions of an Occupational Health and Safety program and other such programs as required by law or deemed beneficial to the Corporation;
- (j) to work on a collaborative basis with other organizations, agencies and institutions in the community for purposes of furthering the Objects of the Corporation;
- (k) to appoint such agents and engage such employees, either on its own or as delegated to the Executive Director, as it deems necessary, and such agents and employees shall have the authority and shall perform such duties as shall be prescribed by the Board, or by the Executive Director on its behalf, at the time of such appointment;
- (l) to establish other offices and/or agencies as deemed necessary by the Board from time to time;
- (m) to take such steps as may be deemed requisite to enable the Corporation to acquire, solicit, or receive legacies, gifts, grants, settlements, bequests,

- endowments, and donations of any kind whatsoever for the purpose of furthering the Objects of the Corporation;
- (n) to make or cause to be made for the Corporation in its name any kind of contract in which the Corporation may lawfully enter into;
 - (o) to invest funds for the benefit of the Corporation in accordance with such terms as the Board may prescribe in an investment policy pursuant to the investment powers contained in the Letters Patent;
 - (p) to enter into trust agreements with a trust company for the purposes of creating a trust fund in which capital and interest may be made available for the benefit of providing the interest to the Corporation in accordance with such terms as the Board may prescribe;
 - (q) to prescribe such Rules and Regulations not inconsistent with this By-law relating to the efficient management and operations of the Corporation; and
 - (r) to generally exercise such power and to do such other acts and things as the Corporation, by its Letters Patent, the Act or otherwise authorized to exercise and do by law.

15. CONFLICT OF INTEREST

Prohibition - Save and except where specifically permitted by law, Directors and their spouses, children, parents, siblings, or the spouses of such children, parents or siblings who are living with and/or are financially supporting or supported by the Director, shall not enter into a contract, business transaction, financial arrangement, or other matter with the Corporation in which they have any direct or indirect personal interest, gain or benefit.

- 15.01 Disclosure - Any Director who has any direct or indirect personal interest, gain or benefit in an actual or proposed contract, business transaction, financial arrangement or other matter, with the Corporation as described in Section 15.01, whether permitted by law or not, shall declare their interest therein at the first opportunity at a meeting of the Board.
- 15.02 Material Interest – Notwithstanding Section 15.01 and 15.02, no disclosure or prohibition of involvement is required in relation to any actual or proposed contract, business transaction, financial arrangement, or other matter with the Corporation unless the direct or indirect personal interest, gain or benefit of the Director in such contract, business transaction, financial arrangement or other matter is of a material nature. The phrase “material nature” shall mean that the Director in question, directly or indirectly, is personally receiving a material benefit or gain of some kind, either financially or otherwise, with the determination of “material nature” in such circumstances to be determined by the Board from time to time, subject to the overriding compliance with the common law concerning conflict of interest of directors as fiduciaries and the provisions of the Corporations Act, R.S.O. 1990, and in particular section 71 thereof, as amended from time to time.
- 15.03 Procedure Where Disclosure - The Chairperson of the Board shall request any Member of the Board who has declared a direct or indirect personal interest, gain or benefit, in any proposed contract, business transaction, financial arrangement, or other matter, with the Corporation to absent herself or himself during the discussion of and vote upon the matter, with such action being recorded in the minutes.
- 15.04 Consequences of Contravention - In the event that the Board proceeds with a contract, business transaction, financial arrangement, or other matter, in which a Director has a direct

or indirect personal interest, gain or benefit in contravention of Section 15.01, save and except where permitted by law, such Director shall be required to immediately resign from the Board, failing which he or she shall be deemed to have resigned from the Board upon the passing of a Board Resolution to that effect.

- 15.05 Confidentiality – Every Member of the Board shall respect the confidentiality of matters brought before the Board and shall bear in mind that unauthorized statements by other than the Board spokesman could adversely affect the operations of the Corporation. All topics of confidential nature will not be discussed outside meetings of the Board and its Committees.

28. TERMS OF ENGAGEMENT FOR EMPLOYEES AND VOLUNTEERS

- 28.01 All Employees of the Corporation (which shall be deemed to include all full-time and part-time Employees, and all contract for service providers who are deemed to be Employees for purposes of the Income Tax Act, where applicable), and all Volunteers who perform services on behalf of the Corporation, shall be required to be committed to furthering the Objects of the Corporation, which commitment shall be reflected in any engagement agreement that may be utilized from time to time with such Employees or Volunteers.