

BY-LAW NUMBER 2017-2

**PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION
BY-LAWS**

Record of Enactment

Present By-laws enacted by the Board of Directors in Picton the 27th of April, 2017.

Amended, as to By-laws 2017-2 Section 4 Subsections (h) & (i) by the Board of Directors in Picton the 27th of July, 2017.

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A by-law relating generally to the conduct of the affairs of
PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION

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PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION

DATE OF INCORPORATION - JULY 23, 1985

SUPPLEMENTARY LETTERS PATENT – September 18, 2007, Amended as to Section 6 Subsections 1 & 2, Sections 6.2, 6.3, 6.4, 6.5 Subsections 1, 2, 3 & 4, and Section 7.

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A by-law relating generally to the conduct of the affairs of
PRINCE EDWARD COUNTY MEMORIAL HOSPITAL FOUNDATION

1) INTERPRETATION

In this by-law and in all other by-laws and resolutions of the Foundation, unless the context otherwise requires:

- (a) "Act" means The Corporation Act, RSO 1990, C38, until the Not-for-Profit Corporations Act C.15, Statutes of Ontario 2010 comes into force, and then means the latter statute.
- (b) "Board" means the Board of Directors of the Foundation.
- (c) "Foundation" means the Prince Edward County Memorial Hospital Foundation, a not-for-profit corporation, serving Quinte Healthcare Corporation Prince Edward County Memorial Hospital, aka the Picton Site.
- (d) "Documents" include deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of real or personal property whether moveable or immoveable, agreements, releases, receipts and discharges for the payment of money or of other obligations, transfers and assignments of shares, bonds, debentures and other securities and all paper writings, and includes any communication required or permitted by the Act.
- (e) "Director" means any person who has been elected to the office of Director pursuant to Section 5 or appointed to fill a vacancy in the office of Director in accordance with Section 5.
- (f) "Members" or "Voting Director Members" means those persons who from time to time are Directors of the Foundation as described in Section 4 and whose functions are mandated by the Act.
- (g) "Officers" means the persons who from time to time hold the offices described in Section 6.
- (h) "QHC" means Quinte Healthcare Corporation, formed by amalgamation November 26th, 1998.
- (i) "Special Resolution" means a resolution passed by the Directors that is submitted to a special meeting of the members duly called for the purpose of considering it and passed at the meeting, with or without amendment, by at least two-thirds of the votes cast OR consented to in writing by each member of the Foundation entitled to vote at a meeting of the members of the Foundation.
- (j) The singular includes the plural and masculine includes feminine.

2) HEAD OFFICE

The Head Office of the Foundation shall be at such place in the Municipality of Prince Edward County, in the Province of Ontario, as the Board may from time to time determine by resolution. Until otherwise changed by resolution of the Board, the municipal address of the Head Office of the Corporation is 403 Main Street East, Picton, ON, K0K 2T0.

3) CORPORATE SEAL

The Foundation has a corporate seal, which is kept at the Foundation's Head Office.

4) MEMBERSHIP

Classes

- (a) There shall be one class of membership in the Foundation, namely:
 - (i) Voting Director Members, who shall be those persons who from time to time are Directors of the Foundation, each of whom shall become a Voting Director Member on election to the Board and cease to be a Director upon retirement, resignation, termination of membership, or discharge from the Board.
- (b) No person who is not a Voting Director Member in good standing shall be entitled to vote in any proceedings of the Foundation.

Termination and Transfer of Membership

- (c) Any membership is terminated when:
 - (i) the Member dies or resigns;
 - (ii) the Member is expelled or the person's membership is otherwise terminated in accordance with the by-laws;
 - (iii) the member's term of membership expires; or
 - (iv) the Foundation is liquidated or dissolved under the Act.
- (d) Membership in the Foundation is not transferable.
- (e) The Board shall have the power to discipline a member or to terminate membership, provided that any disciplinary action or termination of membership is done in good faith and in a fair and reasonable manner. A member must be given at least fifteen days' notice of a disciplinary action or termination of membership, with reasons provided. The Member must be given an opportunity to be heard by the Board orally or in writing, not less than five days before the disciplinary action or termination of membership becomes effective.

Meetings of Members

- (f) The Board shall call an Annual General Meeting of the Members of the Foundation not later than fifteen months after holding the preceding Annual General Meeting. Notice of an Annual General Meeting shall be given by the Board not less than ten business days and not more than fifty days before the meeting to each Member and to the auditor of the Foundation together with copies of the audited financial statements, the auditor's report, the slate of proposed Directors, and the recommendation as to the appointment of an auditor for the coming year.

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- (g) As well as the required Annual General Meeting, the Board may at any time call a Special Meeting of the Members, notice of which shall be given to each Member not less than ten business days and not more than fifty days before the meeting and must state the nature of the special business to be transacted in sufficient detail to permit a Member to form a reasoned judgment on the business, and state the text of any Special Resolution to be submitted to the meeting.

Quorum

- (h) The quorum for any meeting of the Members is a simple majority of the Members entitled to vote at the meeting present in person or by proxy. Voting at any such meeting shall be by show of hands, unless a ballot is demanded by a Member entitled to vote.
- (i) A resolution signed in writing by all the Members entitled to vote on that resolution at a meeting of Members is as valid as if it had been passed at a meeting of Members.

5) DIRECTORS

- (a) Subject to the provisions of the Act, the Directors of the Foundation shall manage and/or supervise the management of the activities and affairs of the Foundation.
- (b) While the Foundation is governed by The Corporations Act, RSO 1990, C38, the Board shall consist of at least three elected Directors pursuant to the Foundation's Letters Patent, subject to any changes executed by a Supplementary Letters Patent or by Special Resolution. Upon the coming into force of the Not-for-Profit Corporations Act C. 15, Statutes of Ontario 2010, the Board shall consist of not less than three and not more than twenty elected Directors, each of whom shall be elected annually by show of hands unless a poll is demanded. Upon the coming into force of the Not-for-Profit Corporations Act C. 15, Statutes of Ontario 2010 there will always be a minimum of three Directors and any change in the number of Directors shall come into force when enacted by the Members by a two-thirds majority vote on a Special Resolution pursuant to s. 30 of the Not-for-Profit Corporations Act C. 15, Statutes of Ontario 2010.
- (c) Prior to each meeting of Members at which Directors are to be elected, the Board shall fix the number of Directors to be elected at the meeting by informing the Governance Committee how many Directors are to be included on the slate to be presented for election.
- (d) Any Director may suggest a potential Director to be put forward to the Governance Committee. This committee will contact the individual to inquire as to her/his interest and request a biography. After reviewing the credentials and interviewing the candidate, the Governance Committee will report their recommendation to the full board. Additionally, before each meeting of Members at which Directors are to be elected, the Chair of the Governance Committee shall request that the President of the PECMH Auxiliary propose an appropriate person to serve on the Foundation's Board of Directors for the coming term.

Qualifications

- (e) Each Director shall be:
 - (i) an individual over the age of eighteen;
 - (ii) not found incapable of managing property under the Substitute Decisions Act, 1992, or under the Mental Health Act;
 - (iii) not found incapable by any court in Canada or elsewhere; and,
 - (iv) not a person having the status of bankrupt at the time of her/his election or appointment.

Terms of Office

- (f) At each Annual General Meeting at which an election of Directors is required, Directors will be elected to hold office for a term of one year, i.e., until the next Annual General Meeting.
- (g) A Director, if qualified, is eligible for re-election, with no limit on the number of terms.
- (h) An individual elected or appointed as a Director must consent to hold office as a Director before or within ten business days after the election or appointment and must sign a confidentiality agreement and a consent for meetings by telephone or electronic means, as well as a consent to receive notices of meetings and related documents by email, at the address which the Director provides and commits to keeping updated.
- (i) A Director ceases to hold office when the Director dies, is removed, or is no longer qualified under Section 5 (e) above.

Meetings of Directors

- (j) A simple majority of the number of Directors then in office constitutes a quorum at any meeting of the Board.
- (k) A quorum of the Board may fill a vacancy among the Directors.
- (l) A Director may, if all the Directors of the Foundation consent, participate in a Board or committee meeting by telephone or electronic means that permit all participants to communicate adequately with each other during the meeting. A Director so participating is deemed for the purposes of the Act to be present at the meeting.
- (m) A resolution signed in writing by all the Directors entitled to vote on that resolution at a meeting of the Board or committee meeting is as valid as if it had been passed at a Board or committee meeting.

Committees of the Board

- (n) The Board may appoint committees of Directors, but shall not delegate to any such committee powers of the Board:
 - (i) to fill a vacancy among the Directors or the position of auditor;
 - (ii) to appoint additional Directors;
 - (iii) to issue debt obligations except as authorized by the Directors;
 - (iv) to approve any financial statements;
 - (v) to adopt, amend or repeal by-laws;
 - (vi) to establish contributions to be made, or dues to be paid;
 - (vii) to convene a meeting of Members or Directors for the purpose of approving any matter; or
 - (viii) to submit to the Members any question or matter requiring the approval of the Members.

Disclosure

- (o) A Director of the Foundation who is a party to, or who is a Director or Officer of an entity that is a party to, or who has any family member who is a party to an actual or proposed material contract or transaction with the Foundation, shall disclose to the Foundation or request to have entered in the minutes of meetings of the Directors the nature and extent of her/his interest.

Disclosure must be made at the beginning of a meeting at which a proposed contract or transaction is first considered or at the first meeting after the Director becomes so interested. If a Director becomes interested after a contract or transaction is made, disclosure must be made at the first meeting after he/she becomes aware that he/she is interested and in the case of an individual who is interested in a contract or transaction and later becomes a Director, at the first meeting after becoming a Director.

A Director who has, or should have, disclosed the nature and extent of his/her interest shall not attend that part of a meeting of the Board during which the contract or transaction is discussed and shall not vote on any resolution to approve the contract or transaction.

Duties

- (p) Every Director in exercising his/her powers and discharging his/her duties to the Foundation shall:
- (i) act honestly and in good faith with a view to the best interests of the Foundation;
 - (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances;
 - (iii) comply with the Act and regulations;
 - (iv) comply with the articles and by-laws of the Foundation; and
 - (v) not be entitled to any remuneration except for the reimbursement of expenses.

Indemnification

- (q) The Foundation may, subject to the exceptions referred to below, indemnify a Director or former Director against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by the individual in respect of any civil, criminal, administrative, investigative or other action or proceeding in which the individual is involved because of the Director's or former Director's association with the Foundation.
- (r) The Foundation shall not indemnify a Director or former Director unless that individual acted honestly and in good faith with a view to the best interests of the Foundation and if the matter is a criminal or administrative proceeding that is enforced by a monetary penalty, that Director had reasonable grounds for believing that her/his conduct was lawful.

6) OFFICERS

The Foundation shall have the following Officers appointed from among the Directors:

- CHAIR OF THE BOARD;
- VICE-CHAIR OF THE BOARD;
- SECRETARY;
- TREASURER.

Appointment of Officers

- (a) Officers shall be appointed by resolution of the Board at the first meeting of the Board following the Annual General Meeting at which the Directors were elected.

Remuneration

- (b) Officers shall not be entitled to any remuneration, but only to reimbursement for reasonable expenses incurred in carrying out their duties.

Executive Officers

- (c) The Chair of the Board shall be the President and Chief Executive of the Foundation and, subject to the directions of the Board from time to time, shall perform all duties attached to that office. The Chair, when present, shall preside at all meetings of the Board, meetings of the Executive Committee and meetings of the Members. The Chair shall supervise the affairs and operations of the Foundation, sign all documents requiring the signature of the Chair of the Board and have such other powers and duties from time to time as maybe prescribed by the Board. The Chair shall be the principal spokesperson for the Foundation.
- (d) The Vice-Chair of the Board shall exercise the powers and duties of the Chair of the Board during the absence or inability of the Chair of the Board. The Vice-Chair shall also perform such other duties as may from time to time be prescribed by the Board.
- (e) The Secretary shall be responsible for and shall supervise taking the minutes of each meeting of the Foundation, the Board and Executive Committee, for giving all notices required to be given to Members, Directors and the auditor, shall be the custodian of the corporate seal and of all books, papers, records, correspondence and Documents belonging to the Foundation, and shall perform such other duties from time to time as may be prescribed by the Board or Executive Committee.
- (f) The Treasurer shall be responsible for and shall supervise the keeping of full and accurate accounts of all receipts and disbursements of the Foundation in proper books of account, for depositing all moneys or other valuable effects in the name and to the credit of the Foundation in the bank or banks from time to time designated by the Board, for disbursing the funds of the Foundation under the direction of the Board (taking appropriate receipts therefor), shall render whenever required to the Board an account of all transactions, shall cooperate with the auditor of the Foundation during any audit of the accounts of the Foundation and shall perform such other duties from time to time as maybe prescribed by the Board or Executive Committee.

Executive Director

- (g) The Board may appoint or hire an Executive Director who shall, subject to the direction of the Board and of the Chair of the Board, supervise and control the operations of the Foundation. The Executive Director shall have the right to attend and speak (but not vote) at all meetings of the Board, and of all Committees, with the exception of "closed sessions" so designated by the Chair, or meetings called for the purpose of discussing the compensation, discipline, conduct or discharge of the Executive Director.

Other Officers

- (h) The Board may appoint such other Officers as it considers desirable, whose duties shall be as the Board prescribes.

Removal from Office

- (i) An Officer may be removed by an ordinary resolution of the Board at a special meeting of which notice to present such a resolution has been given to all Directors; that Officer shall be given the opportunity of being heard at the meeting but shall not vote on the resolution.

7) COMMITTEES

Pursuant and subject to Section 5. (n), the Board shall create the following standing committees:

- (a) Executive Committee of not fewer than five Directors to consist of the Chair of the Board (Chair), the Vice-Chair of the Board, the Treasurer, the Secretary and at least one other Director to be elected annually by the Board. During intervals between meetings of the Board, the Executive Committee may exercise all the powers of the Board in the management and direction of the affairs and business of the Foundation, including the hiring and supervision of staff, but subject to any limitations which the Board may from time to time impose. A quorum of the Executive Committee shall be a majority of its members and it shall fix its own rules of procedure. Minutes of its meetings shall be kept and a summary of all actions taken shall be provided to the Board at regular intervals.
- (b) Finance Committee of not fewer than three Directors to consist of the Treasurer (Chair) and at least two or more other Directors to be elected annually by the Board. Without limiting the scope of its responsibilities, the Finance Committee shall make recommendation on the Foundation budget, investments, fund allocation, review of finances and audit reports including negotiation of the fees and changes of the auditors and investment advisors, the setting of annual financial goals and objectives and developing the annual office administrative budget, along with all other Foundation matters with financial implications including the appointment of an auditor. Minutes of all meetings shall be kept on file in the Foundation's office. Reports and recommendations shall be provided to the Board on a monthly basis.
- (c) Governance Committee of not fewer than three Directors to consist of the Vice-Chair (Chair), the Secretary and one or two other Directors to be elected annually by the Board. Without limiting the scope of its responsibilities, the Governance Committee shall deal with policies and procedures, review of by-laws, succession planning (including recommendations for nominations for election of Directors and appointment of Officers) and annual review of the strategic plan. Reports shall be provided to the Board at least twice annually.
- (d) Ad hoc Committees. The Executive Committee or the Board of Directors may from time to time create such Ad Hoc committees as may be required to consider particular topics as they arise. Each Ad Hoc Committee shall be responsible to, and give a report at the monthly meeting of the Board of Directors or as deemed necessary. Each such Committee shall automatically terminate upon delivery of its final report to the Board.

If a sufficient number of Directors is not available for appointment to any committee, the Board may appoint instead any person qualified for the particular task to be considered by that committee.

At least one Member of the Board shall be appointed to serve on each Committee and, unless otherwise directed by the Board, that person shall serve as Chair of the committee.

8) INSURANCE AND PROTECTION FOR DIRECTORS AND OFFICERS

The Foundation shall arrange for the purchase and maintenance of insurance for the benefit of current and former Directors and Officers against any liability incurred by the individual:

- (a) in the individual's capacity as a Director or Officer of the Foundation; or
- (b) in the individual's capacity as a Director or Officer, or a similar capacity, of another entity, if the individual acts or acted in that capacity at the Foundation's request.

9) EXECUTION OF DOCUMENTS AND MAINTENANCE OF RECORDS

Signing Officers

All cheques and similar documents requiring the payment of money shall require signatures of two Officers, except when and as otherwise prescribed by a resolution of the Board.

Other documents, including but not limited to employment contracts and investment documents, shall be signed by the Chair or Vice-Chair of the Board and by one other Officer in the manner as from time to time prescribed by resolution of the Board. The corporate seal, where required, shall be affixed by the same two individuals.

Maintenance of Records

The Foundation shall prepare, maintain for at least six years, and preserve at the Head Office of the Foundation, records containing:

- (a) the corporation's articles and by-laws, and amendments to them;
- (b) the minutes of meetings of the Members;
- (c) the minutes of meetings of the Directors;
- (d) the minutes of all committee meetings;
- (e) a register of Directors;
- (f) a register of Officers;
- (g) a register of Members;
- (h) accounting records adequate to enable the Directors to ascertain the financial position of the corporation with reasonable accuracy on a quarterly basis; and
- (i) the consent of each individual elected or appointed as Director of the Foundation.

Such records may be in any form, provided that they are capable of being reproduced in intelligible written form within a reasonable time. The Foundation shall take reasonable efforts to prevent the loss or destruction of the records, to prevent the falsification of entries in those records and to facilitate the detection and

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correction of inaccuracies in them. The maintenance of all such records and documents shall be the responsibility of the Secretary, in collaboration with the Executive Director and the Treasurer.

10) AUDITORS

At each Annual General Meeting, Members of the Foundation shall by ordinary resolution appoint an auditor to hold office until the close of the next Annual General Meeting. The remuneration of the auditor shall be fixed by the Board upon the recommendation of the Finance Committee.

In order to be an Auditor of the Foundation a person must be permitted to conduct an audit under the Public Accounting Act, 2004 or any successor legislation and be independent of the Foundation and of any of its Directors and Officers.

11) FINANCIAL DISCLOSURE

The Board shall approve annual financial statements of the Foundation that relate to the period that began immediately after the end of the last completed fiscal year and ended not more than six months before the Annual General Meeting. The approval of the Board must be evidenced by the signature of two Directors.

The Finance Committee shall review the financial statements of the Foundation before they are approved by the Board.

The Treasurer shall place before the Board and Members of the Foundation at every Annual General Meeting:

- (a) the financial statements approved by the Board;
- (b) the report of the auditor; and
- (c) any further information respecting the financial statements of the Foundation and the results of its operations as may be required by the articles or by-laws.

12) CORPORATE FINANCE

The fiscal year of the Foundation shall terminate on the thirty-first day of March in each year, or upon such other date as the Board may from time to time by resolution determine.

The Directors of the Foundation may, without further authorization by the Members:

- (a) borrow money on the credit of the Foundation;
- (b) issue, reissue, sell or pledge debt obligations of the Foundation;
- (c) give a guarantee on behalf of the Foundation to secure performance of an obligation of any person; and
- (d) mortgage, pledge or otherwise create a security interest in all or any property of the Foundation, owned or subsequently acquired, to secure money borrowed for current operating or capital expenses.

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The Foundation may invest its funds as its Directors think fit, subject to the Act, its articles and by-laws, and to any limitation accompanying a gift.

The Directors of the Foundation are not, in that capacity, liable for any liability of the Foundation, or any act or default of the Foundation, except as maybe otherwise provided by the Act.

The borrowing power of the Foundation, pursuant to any by-laws passed and confirmed in accordance with section 59 of the Corporations Act, shall be limited to borrowing money for current operating expenses, provided that the borrowing power of the corporation shall not be so limited if it borrows on the security of real or personal property.

13) DISSOLUTION

Upon the dissolution of the Foundation and after payment of all of the debts and liabilities, its remaining property shall be distributed or disposed of to one or more charitable organizations that are qualified donees pursuant to the Income Tax Act (Canada), and whose objects support or are consistent with health care initiatives and activities that benefit the community served by the Quinte Health Care Prince Edward County Memorial Hospital, aka the Picton Site.

14) NOTICE

- (a) Any notice required to be sent to any Director, Member or the auditor shall be given by e-mail, or by telephone, or by prepaid post, facsimile or other electronic means to their latest email or municipal address as shown in the records of the Foundation, provided always that notice may be waived or the time for delivery may be waived or abridged at any time with the consent in writing of the person(s) entitled to the notice.
- (b) No error or accidental omission in giving notice of any Board or Members' meeting shall invalidate the meeting or make void any proceedings taken at the meeting.

15) REPEAL OF PRIOR BY-LAWS

Once this by-law has been enacted by the Board in accordance with the Act, all prior by-laws, resolutions and other enactments of the Foundation herein before enacted or made which are inconsistent in either form or content with the provisions of this by-law, are repealed.

Provided, however, such repeal shall not extend to any by-law or resolution heretofore enacted for the purpose of providing to the Board the power or authority to borrow.

Provided further the repeal of prior by-laws, resolutions and other enactments shall not impair in any way the validity of any act or thing done pursuant to any such repealed by-law, resolution or other enactment.

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16) EFFECTIVE DATE AND AMENDMENTS

This by-law shall come into force when enacted by the Board and confirmed as a Special Resolution, and may be amended by further Special Resolution.

ENACTED as a by-law of the Foundation this 27th day of April, 2017

(Chair of the Board)

(Secretary)