

THE CALGARY ROTARY CLUBS FOUNDATION

Board of Director's Handbook

June 20, 2014

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THE CALGARY ROTARY CLUBS FOUNDATION

BOARD OF DIRECTORS 2014/2015

CLUB	DIRECTOR	EMAIL	PHONE	STARTED
Calgary	Steve Austin	steve.austin@shaw.ca	403-685-0285	2012
Calgary	Roy Boettger	rboettger@fieldlaw.com	403-260-8507	2010
Calgary	John Collins	jcollins@collinsbarrow.com	403-298-1528	Hon
Calgary	Walter Chayka	wmchayka@telusplanet.net	403-249-2919	2013
Calgary	Bruce Fenwick	bfenwick@shaw.ca	587-580-7998	2013
Calgary	Melanie Gaston	melanie.gaston@blakes.com	403-260-9732	2013
Calgary	Bill Kaufmann	kaufw@shaw.ca	403-202-2243	2011
Calgary	Lorne Larson	lhlarson@shaw.ca	403-289-8527	2012
Calgary	Don Ross	donaldcrichtonross@gmail.com	403-244-9443	2012
Calgary	Dan Yauck	dyauck@cclgroup.com	587-233-3191	2011
Centennial	Roger Frayne	rogerfrayne@shaw.ca	403-287-3051	2013
Chinook	Garth Plunkett	garth.p@shawbiz.ca	403-251-5322	2011
Crowchild	Gabriel Imbert-Boyd	gabrielimbert@hotmail.com	403-297-4009	n.v.
East	Tom Lynch	tomlynch@shaw.ca	403-470-1898	2012
Heritage	Doug Hood	doug.hood@transamerica.ca	403-216-6490	2012
Millenium	Gord Forsyth	GForsyth@atb.com	403-710-8741	2011
North	Bud Watson	ehmaw@shaw.ca	403-242-7165	2008
North	Gerry Darichuk	gbdarichuk@shaw.ca	403-239-1718	2011
Olympic	James Fuerderer	james.fuerderer@mnp.ca	403-648-4155	2013
Sarcee	David Marshall	davidgmarshall@telus.net	403-228-3395	2011
South	Ann Rooney	ann.rooney@gmail.com	403-813-9491	2012
South	Gordon Weiker	gord@global-petroleum.com	403-237-7828	2010
South	Greg Martin	gamartin@engeniumchemicals.com	403-271-1033	2013
West	Saadat Keshavjee	saadat@amhurst.net	403-910-1390	2013
West	Stan Beveridge	sjbeveridge@shaw.ca	403-286-4893	2010

HISTORY OF THE CALGARY ROTARY CLUBS FOUNDATION

HISTORY OF THE CALGARY ROTARY CLUBS FOUNDATION

The information available regarding the early history of the Foundation is sketchy, but information gleaned from Past President Bill Tait (Rotary Club of Calgary, 1968-69), Past President Stan Sailor (Rotary Club of Calgary 1985-86) and John Collins (Honorary Director) indicate that the concept of the a foundation was conceived and initiated within The Rotary Club of Calgary. According to Bill Tait, the Rotary Club of Calgary member Collin Cameron, who managed Birks Jewelers, was encouraged by a Rotary friend in Vancouver to follow that club's lead, in establishing a foundation within the Calgary Club.

According to Stan Sailor, the estate of club member Jeff Hanna, in the late 1960's, left a bequest to the Club with the instructions to utilize the monies in a manner deemed appropriate. This seemed to be the catalyst that implemented the foundation.

According to John Collins, the Rotary Club of Calgary probably then approached Calgary North, Calgary South and Calgary West Clubs with the concept which then eventually resulted in the formation of the Calgary Rotary Clubs Foundation.

The date of incorporation of the Foundation under the Alberta Securities Act was September 20, 1972. (copy of original document is included). Curly Galbraith and Bill Tait were the early champions of the formation of the foundation. Curly was encouraged to be the first Chairman, but declined because he was in the process of becoming President of Rotary Club of Calgary and also involved in Rotary District 5360 affairs and a short time thereafter was to become District Governor. Accordingly the mantle fell to William (Bill) Tait (Insurance Broker) to be the first Chairman of the Board. The other inaugural board members were, George H. Galbraith (Professional Engineer, Rotary Club of Calgary), Stanley Sailor (Printer, Rotary Club of Calgary), James Fowler (Chartered Accountant, Rotary Club of Calgary), Olin Buker (Investment Broker, Rotary Club of Calgary) Charles McNaughton (Businessman, Rotary Club of Calgary), Lloyd Ligget (Insurance Agent, Rotary Club of Calgary), Gardie Shaw (Businessman Rotary Club of South Calgary), Donald McKinnon (Management Consultant, Rotary Club of South Calgary), Nicholas Taylor (Geologist, Rotary Club of North Calgary), Thorton Summerell (Insurance Adjuster, Rotary Club of West Calgary), John Collins (Chartered Accountant, Rotary Club of West Calgary).

Over the succeeding years, more Clubs in Calgary joined the Foundation. But the same guiding principles incorporated in the original application documents and bylaws have continued to guide the Foundation, reads as follows:

“The objects of the Society are to receive and maintain a fund or funds and apply from time to time all or part thereof and/or the income derived therefrom exclusively for any charitable and /or educational purpose and for any benevolent, philanthropic, charitable, provident, educational or other useful purpose”

“For the better attainment of the above objectives , to encourage Rotarians and their friends to give and/or bequeath other valuable assets to the Society”

“The distribution of the income and capital of the funds of the Society shall be by the advice and direction of the members of the Society. Such distribution shall be made to the Clubs for the exclusive application to their respective community service projects. Each distribution shall be allocated and paid to each of the Clubs on a pro-rata basis in proportion to the total donations of the clubs to the funds of the Society.

Contributions to the Foundation trickled in for the first few years, but received a major boost in 1975 as a result of a bequest of Rotary Club of Calgary member Matt Brownlee of some \$252,600.

Historical Total cumulative endowment contributions and investment funds retained are as follows:

May 31, 1977:	\$325,000
May 31, 1982	565,000
February 28, 1987	824,000
February 28, 1992:	1,350,000
February 28, 1997:	2,130,000
February 28, 2002:	3,028,000

A “watershed” occurred in 2007, when the Foundation was blessed with a major contribution from the estate of Rotary Club of Calgary member, Everett and Ellen Mayhood. This gift played a major part in the increase in total investment funds in the Foundation as show below:

February 28, 2007	\$25,832,000
February 28, 2008	33,618,000
February 29 2012	34,553,000
February 28, 2013	37,444,000
February 28, 2014	42,385,000

The original bylaws remained unchanged, except for some minor amendments, until 2007 when a considerable amount of updating was done to more properly reflect the current structure and operations of the Foundation.

Ever since the inception of the Foundation, the board member representation has been more heavily weighted to those Clubs which have provided the preponderance of the total endowment funds (The Rotary Club of Calgary, Rotary Club Calgary South, Rotary Club Calgary West and Rotary Club Calgary North). Over the years there have been several changes in the weighting for these clubs as directors were added from clubs who joined the Foundation at later dates.

In the early years of the Foundation, National Trust Company acted as both investment advisor and custodian of the fixed income securities in which all of the endowment funds were invested.

In the late 1980's, an Investment Committee of three Board members (which has been increased in size over the years) was established to liaise with the investment advisor. This arrangement existed until 1999 when the Board concluded that: (1) with approximately \$2,500,000 of endowment funds, the Foundation had reached a suitable size to engage a firm of investment advisors to manage the portfolio; (2) it was also time to begin investing a portion of the funds in equities.

On the recommendation of the Investment Committee, Mawer Investment Management was engaged to manage the portfolio with instructions that no more than 20% of the total funds would be allocated to equities in the first year and 30% in the second year. At the same time, an investment policy was developed for the guidance of the investment manager. The policy has been amended several times over the years (most recently 2014), with the investment class now more in the range of 60% equities.

In 2005, in anticipation of the receipt of substantial additional endowment funds under the terms of the will of the Mayhods, the Investment Committee was asked to investigate the concept of adding a second investment manager primarily to diversify the investment risk and establish competing, comparative results. As a result, Gluskins Sheff was engaged to manage approximately one half of the portfolio; their particular specialty was mid cap stocks, while Mawer was more oriented toward large cap stocks. At the same time RBC Dexia was appointed as custodian for both portfolios.

In 2011, on the recommendation of the Investment Committee, the Board replaced Gluskins Sheff with Bissett Investment Institutional, now called Franklin Bissett.

The Investment Committee also monitors several life insurance policies on the lives of donor Rotarians which are owned by the Foundation. These policies are of three types: fully paid up, prepaid cash working capital to sustain premiums and those where premiums are paid annually by the donors. These policies are carried on the balance sheet of the Foundation at their cash surrender value.

The Mayhood bequest, established in 1990 specified that the income earned from the Mayhood's endowment would be paid to the Rotary Club of Calgary. The Club in return, is obligated to pay 50% of the income received to the Rotary International Foundation while retaining the other 50% for its own community services activities.

The Foundation is now into its fifth decade. It is estimated that approximately \$15 million of earnings have been recycled back to the participating Rotary Clubs to substantially augment their funding of local, national and international charitable projects. The participation of volunteer guidance and oversight by a dedicated Board of Directors and associated committees provides the insurance that the Calgary Rotary Clubs Foundation will be a vehicle that will continue to provide financial life blood to the many worthy projects of the Rotary Clubs of Calgary continuously into the future.

June 19, 2014

6844

PROVINCE OF ALBERTA



CANADA

Certificate of Incorporation

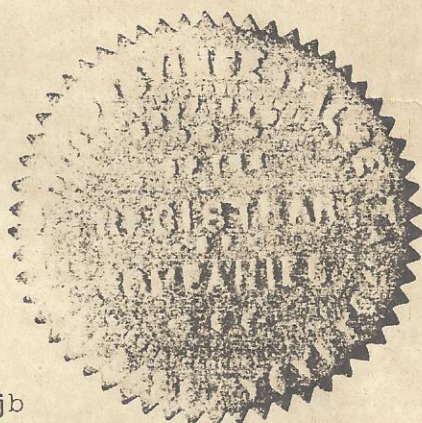
I Hereby Certify that _____

- THE CALGARY ROTARY CLUBS FOUNDATION -

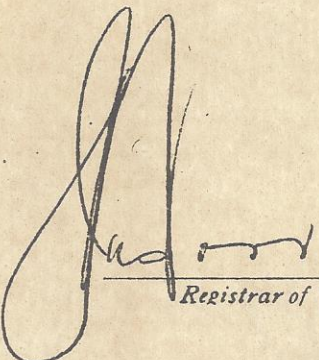
is this day incorporated under The Societies Act of the Province of Alberta.

Given under my hand and seal of office at Edmonton, Alberta, this

- 20th - day of September A.D. 19 72.



jb


(Jas. Warr)
Registrar of Companies

Investment Policy Statement

The Calgary Rotary Clubs Foundation

June 17, 2014

1. OVERVIEW

The objective of The Calgary Rotary Clubs Foundation (CRCF) is to maintain and build a capital fund which will provide predictable and perpetual annual support for the community service activities of participating Rotary Clubs.

The Board of Directors (the "Board") of the CRCF has established and approved this Investment Policy Statement which serves as a guide for managing the assets of the CRCF that are invested in the public markets.

All funds are to be managed in compliance with the overriding principles and objectives of Rotary including the application of the 4 Way Test.

THE OBJECT of Rotary is to encourage and foster the ideal of service as a basis of worthy enterprise and, in particular, to encourage and foster:

FIRST. The development of acquaintance as an opportunity for service;

SECOND. High ethical standards in business and professions, the recognition of the worthiness of all useful occupations, and the dignifying of each Rotarian's occupation as an opportunity to serve society;

THIRD. The application of the ideal of service in each Rotarian's personal, business, and community life;

FOURTH. The advancement of international understanding, goodwill, and peace through a world of fellowship of business and professional persons united in the ideal of service.

The Four-Way Test

OF THE THINGS we think, say or do:

- 1) Is it the TRUTH?
- 2) Is it FAIR to all concerned?
- 3) Will it build GOODWILL and BETTER FRIENDSHIPS?
- 4) Will it be BENEFICIAL to all concerned?

2. INVESTMENT POLICY STATEMENT

This Investment Policy Statement clarifies the key factors and considerations for the CRCF's investment portfolio (the "Portfolio") and provides a set of written guidelines for the management of its assets.

This Investment Policy Statement will be reviewed at least annually to ensure that it continues to reflect the CRCF's circumstances and requirements. The appendix includes a chronological list of historical modifications approved by the Board.

3. ROLES AND RESPONSIBILITIES

3.1 Board of Directors

The Board has ultimate authority over and responsibility for the Portfolio. To assist it in the performance of its duties and to ensure that the Portfolio meets its objectives, the Board will:

- i) Appoint an Investment Committee (the "Committee");
- ii) Receive the Committee's recommendations with respect to the Portfolio's Investment Policy Statement and re-approve or amend the Statement, as appropriate, on an annual basis; and
- iii) Review all other reports and recommendations of the Committee with respect to the Portfolio and take appropriate action.

3.2 Investment Committee

The Committee will:

- i) Make recommendations to the Board regarding the selection, engagement, or dismissal of a professional investment manager (a "Manager"), a Custodian and any other specialist or consultants they may wish to hire;
- ii) Formulate specialized instructions and mandates for the Manager including any restrictions on the types of assets that may be held in the Portfolio or the choice of asset mix. These instructions and mandates will derive from, reflect and be consistent with the provisions of this Investment Policy Statement;
- iii) Monitor the Portfolio's performance and its compliance with the Investment Policy Statement and report on these matters to the Board on a quarterly basis;
- iv) Review and ensure compliance with public policy and regulatory frameworks applicable to investments of endowed and managed funds;
- v) Review this Statement of Investment Policy at least annually and recommend amendments as appropriate to the Board.

3.3 Investment Manager(s)

The Investment Manager(s) (the "Manager(s)") will:

- i) Provide a review of the Portfolio's performance as well as expectations on the economic and financial market outlook and related investment strategies on at least a quarterly basis to the Investment Committee;
- ii) Provide an annual in-person presentation of the Portfolio's performance as well as expectations on the economic and financial market outlook and related investment strategies to the Board at a time and place determined by the Board;

- ii) Provide administrative assistance with respect to the receipt or disbursement of monies to/from the Portfolio and act as a liaison between the Committee and if necessary any Custodian or sub-managers in this connection;
- iii) Notify the Investment Committee promptly in writing of any significant changes in the policies, procedures, personnel, ownership or any similar areas of the investment firms;
- iv) Inform the Investment Committee if the Manager at any time feels that the performance expectations cannot be met or that any guidelines contained herein restrict performance;
- v) Disclose any material interest in any investment or proposed transaction;
- vi) Provide a letter of compliance within four (4) weeks at the end of each quarter, detailing and explaining any investment guidelines contained in the policy which have been breached and/or confirming compliance;
- vii) Have full discretion in day-to-day investment management of the Portfolio, or that portion of the Portfolio for which they have been given responsibility, subject to this Investment Policy Statement and any amendments thereto as well as any specialized instructions and mandates issued by the Committee;
- viii) Ensure that all transactions are completed on a 'best execution' basis;
- ix) Confirm receipt of and acceptance of all terms and conditions specified in this Statement of Investment Policy in writing; and
- x) Exercise the care, skill and diligence that can reasonably be expected of a prudent person and adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

3.4 Custodian

Custody of the Portfolio's assets other than pooled funds will be delegated to a trust company or other financial institution similarly recognized as a depository for securities. The Custodian will:

- i) Provide safekeeping for Portfolio assets;
- ii) Process transactions as directed by the Manager;
- iii) Collect interest, dividends and the proceeds of cash equivalent and fixed income instrument maturities;
- iv) Inform the Manager of pending corporate actions (e.g., name changes, mergers, odd lot offerings) and process instructions related to such matters;
- v) Deposit funds and pay expenses as directed by the Manager;
- vi) Maintain a record of all transactions;
- vii) Provide regular reports to the Committee and the Manager;
- viii) Provide the Manager and other agents of the Committee with information required to fulfill their duties, or as directed by the Committee; and
- ix) To the extent possible, provide applicable information as may be requested by the CRCF's auditor.

4. INVESTMENT OBJECTIVES

4.1 Return on Investments

The minimum total return objective is to achieve the following:

1. The disbursement policy goal of distributing 5% each year - see appendix for the calculation methodology;
2. Capital preservation of the Portfolio as measured by CPI (as calculated by Statistics Canada and available on the Bank of Canada website);
3. Recovery of the cost of managing and administering the Portfolio.

For example: Assuming CPI of 2.5%, management expenses of 0.5% and the 5% distribution policy goal, the total nominal return objective is 8.0%. Alternatively, the absolute real return objective (after inflation) is 5.5%. This rate of return may not be achieved in each and every year; however, the Portfolio is expected to generate this minimum return over rolling 5 year periods. Returns will be measured against the benchmarks outlined in Section 7.3. For CPI data, both Headline and Core CPI data will be considered.

4.2 Risk Tolerance

The Portfolio should be structured and managed to provide for the generation of its targeted rate of investment return while assuming the lowest possible risk. The Portfolio's exposure to risk will be measured in terms of the standard deviation of its investment returns. It is expected that a well-designed manager structure using high-quality investment managers will exhibit stronger performance and less risk than the market.

5. INVESTMENT CONSTRAINTS

5.1 Legal and Regulatory Status

The CRCF is registered with the Canada Revenue Agency as a charitable organization. Its year-end is February 28. Based on the minimum disbursement quota as defined in the Income Tax Act, the CRCF is required to disburse a minimum 3.5% of the average trailing eight quarters' fair market value.

5.2 Taxation Status

The CRCF is registered as a charitable organization by the Canada Revenue Agency and as such is exempt from income tax provided it meets requirements enumerated in the Income Tax Act (Canada) and its Regulations.

5.3 Investment Time Horizon

The CRCF is intended to exist in perpetuity. For planning and portfolio structuring purposes, it will be assumed that the investment time horizon of the Portfolio is ten years. It should be noted that this Investment Policy Statement will be reviewed on at least an annual basis.

5.4 Liquidity and Income Requirements

The Portfolio requires sufficient liquidity to support the CRCF's annual disbursement requirements. The Investment Committee Chair will communicate the disbursement requirement to the Manager(s) each June following the Annual General Meeting. It is anticipated that periodic donations to the CRCF may reduce the need for liquidity from the investment manager(s) to meet the annual disbursement requirement. When there is more than one Manager the amount requested may or may not be equal for each Manager and may be determined in order to maintain the long-term strategic asset allocation of the portfolio as well as the targeted allocation of assets between or among Managers.

6. ASSET MIX

A portfolio's asset mix is the proportion within which various asset classes are represented in the portfolio. In general, the greater a portfolio's allocation to equities relative to fixed income securities, the greater is the potential for capital appreciation and the higher its potential risk (as measured by the standard deviation of the portfolio's rate of return). Conversely, the greater the allocation to fixed income instruments relative to equities, the lower the potential for capital appreciation and the lower its potential risk (as measured by the standard deviation of the portfolio's rate of return). The asset mix is the principal means of controlling the Portfolio's risk and return characteristics and is therefore the key investment decision.

6.1 Recommended Asset Mix

Given the Portfolio's targeted return on investments, risk tolerance, legal and taxation status, investment time horizon and disbursement requirements, the following permissible asset classes and ranges have been established (Table I).

Table I: Long Term Strategic Asset Allocation

Asset Class	Target Allocation	Permissible Range
Cash Equivalents	0%	0% to 25%
Fixed Income	40%	30% to 60%
Canadian Equities	35%	15% to 45%
US Equities	12.5%	5% to 25%
International Equities	12.5%	5% to 25%
Total Equities	60%	35% to 70%

It will be the responsibility of the Investment Committee to confirm the appropriateness and suitability of the allocations to each asset class and the permissible ranges outlined above.

7. INVESTMENT MANAGEMENT GUIDELINES

7.1 Eligible Asset Classes - Definitions and Constraints

Cash Equivalents, Short-Term Paper

Cash equivalents (and short-term investments) will consist of instruments, issued by governments or corporations, with terms to maturity of 0 to 12 months and include fixed income instruments originally issued with a term to maturity of 12 months or less.

Cash equivalents originally issued with terms to maturity of 12 months or less will have a minimum Dominion Bond Rating Service (DBRS) credit rating of R-1 (Mid) or an equivalent rating by another well-established rating agency at the time of purchase and thereafter. No more than 5% of the total Portfolio will be invested in the issues of any one corporate issuer.

Fixed Income Instruments

Investments in the following marketable fixed income instruments are permitted:

- bonds;
- debentures;
- notes;
- coupons and residuals;
- asset-backed securities; and
- preferred shares.

Such instruments must be:

- issued or guaranteed by the Government of Canada or one of its agencies;
- issued or guaranteed by a Canadian provincial government or one of its agencies;
- issued by a Canadian municipality or regional government;
- issued by a Canadian corporation; or
- issued by a foreign government or a foreign corporation.

Notwithstanding the above, 'maple bonds', i.e., bonds denominated in Canadian dollars both in terms of interest payments and principal payments but issued by non-Canadian entities, may be held in the portfolio provided they meet the minimum credit rating standards set out below.

All other fixed income instruments must have a minimum credit quality rating of BBB or better at the time of purchase and thereafter. If only 2 agencies rate a security the lower rating will be used. The above limit will be applied with temporary latitude in the event of the downgrading of a security. No more than 5% of the total Portfolio will be invested in the issues of any one corporate issuer. Not more than 10% of the total Portfolio will be invested in the issues of any one Province. Pooled funds of the investment manager are also exempted from this provision.

Foreign pay bonds should not constitute more than 10% of the market value of the fixed income asset class unless the foreign pay bonds are hedged back to CAD, and should only be invested in if the Manager believes it is in the best interest of the Portfolio. Pooled funds of the investment manager are also exempted from this provision.

Equities

Investments in the following equity securities are permitted:

- publicly traded common stocks;
- rights, warrants, installment receipts, convertible debentures and other instruments convertible into common stocks;
- income trust units issued and/or registered in jurisdictions where appropriate legislation is in place to limit the liability of unitholders;
- American Depositary Receipts; and
- Global Depositary Receipts.

Individual equities or equities held within equity funds must be listed on a major stock exchange and be of 'investment grade'.

Investment in the securities of any single issuer should not constitute more than 5% of the market value of the Portfolio as a whole. In addition, investment in the securities of any single issuer should not constitute more than 10% of the market value of the equity asset class.

No aggregate investment in small capitalization equities (as defined by the manager) shall exceed 15% of the total market value of the Portfolio

Alternative Strategies

Alternative strategies may include hedge funds, infrastructure, private equity, venture capital, real estate, commodities, foreign exchange or any other investment strategy that is not included in the traditional asset classes outlined above. The allocation to alternative strategies may come from any traditional asset class (cash, bonds, or equities). Prior to investment in any alternative strategy approval of the Board is required.

Other Investments

Other investments may include long-only, unleveraged ETFs or any other investment that is not included in the traditional asset classes described above. Use of ETFs must not violate any investment guideline or restriction specified in this Investment Policy Statement.

7.2 Additional Constraints, Inclusions and Exclusions

The Portfolio as a whole and each asset class represented in the Portfolio must be reasonably diversified. If more than one Manager is employed, all reasonable attempts will be made to ensure that the Portfolio is diversified in terms of investment management 'style'.

All investments, [with the exception of certain Alternative Strategies], should be liquid at the time of purchase and thereafter. In the event that the Manager(s) forecast(s) an impairment in the liquidity of an investment, the Manager will make all reasonable efforts to liquidate the investment on a timely basis.

Index, mutual and pooled funds may be held in the Portfolio with the understanding that the guidelines in the Fund's offering memorandum will supersede the aforementioned guidelines. While such funds will be managed in keeping with their own investment policies, these policies must be consistent with the spirit of this Investment Policy Statement. In the event that there are any substantive inconsistencies between the provisions of this Investment Policy Statement and the

policies applicable to a fund that a Manager wishes to employ in the Portfolio, the Committee must provide written approval for investing in the fund before any such investment is made. These funds will be categorized as cash equivalents, fixed income investments or equities as appropriate given their underlying securities or the capital markets to which they are intended to provide exposure. In the event that a Manager plans to make a material change to the mandate or investment policy of one or more of the Manager's index, mutual or pooled funds held in the Portfolio, the Manager must provide the Committee with prior notice of the revision. This notification must be provided to the Committee at least one month in advance of the proposed revision.

Derivative securities, other than those employed by hedge fund managers, may be held in the Portfolio for hedging purposes only. Derivative securities may not be used for speculative purposes.

The Manager(s) shall not borrow money, pledge or otherwise encumber any of the Fund's assets. Overdraft positions are not to be intentionally created.

The Committee reserves the right to instruct the Manager(s) to exclude any asset, security or category of investment and will notify the Manager(s) by written notice in the event that such restrictions are to be imposed. The Committee may place further constraints, limitations or requirements on the Portfolio in order to achieve specific short-term objectives.

Gifts or donations consisting of marketable securities transferred into the Portfolio will be liquidated as soon as possible.

7.3 Performance Standards

Investment Returns

The Portfolio's investment performance will be measured against the performance of a 'benchmark' index calculated using appropriate market indices combined in the same proportion as the Portfolio's benchmark asset mix. Performance measurement will be reported quarterly in accordance with the CFA Institute standards. In addition to standard calendar-year performance reporting the Manager(s) will include returns beginning March 1 and ending February 28 to correspond with the CRCF's fiscal year.

Table II: Portfolio Benchmark

Asset Class	Benchmark	Allocation
Cash and Cash Equivalents	FTSE TMX Canada 91--Day T-Bill Index	0%
Fixed Income Instruments	FTSE TMX Canada Universe Bond Index	40%
Canadian Equities	S&P/TSX Composite Index	35%
US Equities	S&P 500 Index (\$CDN)	12.5%
International Equities	MSCI EAFE Index (\$CDN)	12.5%

The benchmark index indicates the return that a passive investor (i.e., one who invests in market indices) would earn by consistently employing the allocation shown above.

The Portfolio's investment performance will be measured net of investment management fees and will be compared to the benchmark index over rolling 3-year and 5-year periods.

The performance of individual asset classes is expected to:

- i) Exceed the return of their corresponding benchmark indices; and
- ii) Rank favourably to the performance of an appropriate peer group of investment managers.

Manager(s) will also be evaluated in terms of compliance with the provisions of this Investment Policy Statement and any amendments thereto as well as any specialized instructions and mandates issued by the Committee; and the provision of satisfactory reporting and client service.

7.4 Rebalancing

Each calendar quarter, the total Portfolio will be reviewed for compliance by the Manager(s) with the ranges established in Section 6. If the portfolio mix violates the target ranges shown in Section 6.1 the Portfolio will be rebalanced to the upper or lower bound of the ranges for each asset class, unless otherwise approved by the Investment Committee.

To the extent that is reasonable and possible, inflows and outflows of cash or assets in kind will be directed in such a way as to maintain:

- i) The long-term strategic asset allocation of the Portfolio; as well as
- ii) The targeted allocation of assets between or among Managers.

8. REPORTING AND SERVICE

8.1 Investment Manager(s)

On a quarterly basis and within 30 days of the end of the calendar quarter, the Investment Manager(s) will provide the Committee with:

- i) A valuation of the Portfolio as at the end of the quarter;
- ii) Data and commentary on the Manager(s)' investment performance for the past quarter and on a year to date basis relative to benchmarks established in this Investment Policy Statement or to the Manager's specialized mandate in the event that more than one Manager is engaged;
- iii) In addition to standard calendar year performance reporting the Manager(s) will include Portfolio returns beginning March 1st and ending with the CRCF's February 28 fiscal year-end.

On an annual basis and within 30 days of the end of the calendar year, the Investment Manager(s) will provide the Committee with:

- i) Annual commentary on the investment strategy and tactics employed over the past quarter;
- ii) Data and commentary on the Manager(s)' investment performance for the past quarter as well as for the past 1-, 3-, 5-, and 10- year periods and since inception relative to benchmarks established in this Investment Policy Statement or to the Manager's specialized mandate in the event that more than one Manager is engaged; and

- iii) Information pertaining to changes of investment or senior management personnel and/or ownership structure.

The Manager(s) will be available for meetings with the Board and Committee on an annual basis, or more frequently if required by the Committee, and will be available for discussion and consultation on an ad hoc basis.

9. HIRING OF A MANAGER

The Committee must approve the acceptance of all new mandates and their benchmarks. Therefore, the proposed Investment Manager must be prepared to provide the following information for consideration by the Committee to allow it to fulfill its fiduciary responsibilities to the CRCF:

- i) The firm's history including type of ownership, current assets under management and client turnover rate;
- ii) A description of the investment process including research capabilities, criteria for buy and sell decisions and risk controls;
- iii) Biographies for each of the investment team members including their tenure at the firm and with the intended strategy;
- iv) The firm's fee schedule for the intended strategy; and
- v) CFA Institute (GIPS) compliant monthly investment performance over the past 5 years, at a minimum, for the intended strategy.

After the Committee is satisfied that the above information is acceptable, the Investment Manager must meet the following additional criteria:

- i) Exceed the return of the appropriate benchmark over rolling 3-year and 5-year periods;
- ii) Rank favourably to appropriate peer investment manager performance universes;
- iii) The strategy's market risk, as measured by standard deviation, ranks below the market risk for comparable investment managers over rolling 3-year and 5-year periods;
- iv) Identify that the investment team currently in place is responsible for the past investment performance;
- v) Agree to adhere to the roles and responsibilities of Investment Managers as outlined in the Investment Policy Statement; and
- vi) Adhere to all investment manager guidelines as outlined in the Investment Policy.

10. TERMINATION OF A MANAGER

The Committee will consider recommending to the Board that a Manager be terminated when one or more of the following circumstances prevail:

- i) The Manager's investment performance results have been below the median performance results of the appropriate Manager peer group and/or the appropriate market benchmark index for 3 consecutive years;
- ii) The Manager's short-term underperformance is found to be a result of a change in the Manager's investment style, process or discipline or a change in the Manager's key investment personnel;

- iii) There is a significant change in the risk profile of the Manager;
- iv) There is a significant change at the Manager's firm including but not limited to a change in key investment personnel;
- v) The Manager's investment style is no longer appropriate given the Portfolio's requirements;
- vi) The Manager's reporting and client service are unsatisfactory; or
- vii) The Committee has concerns regarding the Manager's ethics.

Notwithstanding the above, the Committee may recommend to the Board that a Manager be terminated for any reason that the Committee deems appropriate.

11. CONFLICT OF INTEREST

No fiduciary will knowingly permit his or her interest to conflict with his or her duties or powers relating to investment of the Portfolio's assets or to any other matter related to the Portfolio. Any actual or perceived conflict of interest must be reported to the Committee. Such disclosure will be made when the affected individual first becomes, or ought to have become, aware of the conflict or potential conflict. The Committee will be the sole arbiter in determining whether the conflict of interest exists and, if it determines that a conflict does exist, will take all necessary and appropriate measures to remedy the situation. Every disclosure of a conflict of interest will be recorded in the minutes of the relevant Committee meeting.

The failure of a fiduciary to comply with the requirements of this Section will not of itself invalidate any decision, contract or other matter.

Rotary Code of Conduct

The Board will be guided by the principles from the Rotary Code of Conduct, which states:

AS A ROTARIAN I will

1. EXEMPLIFY the core value of integrity in all behaviors and activities
2. USE my vocational experience and talents to serve in Rotary
3. CONDUCT all of my personal, business, and professional affairs ethically, encouraging and fostering high ethical standards as an example to others
4. BE FAIR in all dealings with others and treat them with the respect due to them as fellow human beings
5. PROMOTE recognition and respect for all occupations which are useful to society
6. OFFER my vocational talents: to provide opportunities for young people, to work for the relief of the special needs of others, and to improve the quality of life in my community
7. HONOR the trust the Rotary and fellow Rotarians provide and do not do anything that will bring disfavor or reflect adversely on Rotary or fellow Rotarians
8. NOT SEEK from a fellow Rotarian a privilege or advantage not normally accorded others in a business or professional relationship

Appendix

The Calgary Rotary Clubs Foundation Distribution Policy Statement

The objective of The Calgary Rotary Clubs Foundation is to maintain and build a capital fund which will provide predictable and perpetual annual support for the community service activities of participating Rotary Clubs.

The annual distributions should be guided by the following principles;

- Be compliant with CRA disbursement policy.
- Distribute an appropriate annual investment return to participating Rotary Clubs, in perpetuity.
- Stabilize annual distributions to provide budgeting certainty for participating Rotary Clubs.
- Maintain and increase the value of the original gifts to the Foundation.

In order to reduce the risk of significant variations from year to year due to investment market volatility or large donations, reduce the risk of distributing a portion of the capital of new donations, and build a reasonable endowment fund reserve, the total annual distribution for each fiscal year will be 5% of the average of the opening and closing fund balances of The Calgary Rotary Clubs Foundation for the three immediately preceding fiscal years*, excluding donations received in the immediately preceding fiscal year. **

The annual distribution amount for each participating Rotary Club will be calculated on a pro rata basis according to the cumulative fund balances held to the credit of the respective Rotary Clubs at the immediately preceding fiscal year end, excluding donations received in that year.

The Calgary Rotary Clubs Foundation may revise this policy from time to time.

*For example: The June 2014 disbursements to Clubs, which may be communicated to clubs in June 2013, will be calculated based upon the average of the opening and closing fund balances of the CRCF for the 2011, 2012 and 2013 fiscal years, excluding donations received in 2013.

**The intention of this policy is to address the possibility that, for example, if a donor makes a significant donation in December for tax planning purposes, that donation will not be included in the distribution calculation for the fiscal year ending the following February. However, it is intended to be a policy statement, not an inflexible rule. Therefore, as a converse example, if a donor makes a significant donation in March and the Board is satisfied the investment of the donation has generated sufficient income by the fiscal year end that including the donation and accrued income will not erode the original capital of the donation, the Board has the authority to make an exception to the policy.

Revision Dates:

Description of Change:

December 2001	Investment Committee removed restriction on mix of foreign investments.
September 23, 2003	Board raised upper limit for equities from 30% to 40%.
April 19, 2005	Board raised upper limit for equities from 40% to 60%.
November 24, 2005	Foundation Members replaced the qualitative parameter of restricting investments to those permitted life insurance companies with the “prudent person” qualitative parameter.
March 27, 2009	Expanded all sections of Investment Policy Statement (IPS) including adding Rotary’s objectives and detailed reporting requirements to the IPS.
December 2, 2010	Changed the Restriction section 2b to conform with donators’ objectives.
January 18, 2011	Updated the wording of Restrictions and Expectations section 2(b).
September 18, 2012	Revised Distribution Policy section 2a; new distribution policy incorporated in new appendix.
April 16, 2013	Board raised upper limit for equities from 60% to 70%; relaxed the bond credit restriction to a minimum BBB.
June 17, 2014	Statement of Investment Policy document was re-organized and updated to provide greater clarity on: <ol style="list-style-type: none">1. Roles and responsibilities of the Board, Investment Committee, Investment Manager(s) and Custodian;2. Investment Objectives & Constraints;3. Long-term Strategic Asset Allocation;4. Investment guidelines, performance standards;5. Reporting requirements and service expectations;6. Termination guidelines, conflict of interest;7. Distribution Policy Statement example.

THE CALGARY ROTARY CLUBS FOUNDATION

BY-LAW NO. 1, being a General By-Law of

The Calgary Rotary Clubs Foundation

JUNE 21, 2011

THE CALGARY ROTARY CLUBS FOUNDATION

BY-LAW NO. 1, being a General By-Law of

The Calgary Rotary Clubs Foundation

ARTICLE 1 PREAMBLE

1.1 The Foundation

The name of the Foundation is The Calgary Rotary Clubs Foundation.

1.2 The By-Laws

The following Articles set forth By-law No. 1 of the Foundation.

ARTICLE 2 INTERPRETATION

2.1 Definitions

In this By-law, the following words and phrases have these meanings:

- (a) **"Act"** means the *Societies Act* (Alberta) and the regulations thereunder, as the same may be amended from time to time.
- (b) **"Annual General Meeting"** means an annual general meeting described in Section 4.1.
- (c) **"Board"** means the board of directors of the Foundation.
- (d) **"By-laws"** mean the by-laws of the Foundation, as amended.
- (e) **"Director"** means any person elected or appointed as a director of the Foundation.
- (f) **"Foundation"** means The Calgary Rotary Clubs Foundation.

- (g) **"General Meeting"** means either an Annual General Meeting or a Special General Meeting.
- (h) **"Investment Custodian"** means a trust company, bank or other fiscal institution authorized or entitled to carry on business in the Province of Alberta.
- (i) **"Investment Manager"** means a trust company, bank or other fiscal institution, investment dealer, counselor, manager or other fiscal agent authorized or entitled to carry on business in the Province of Alberta.
- (j) **"Member"** means a member of the Foundation.
- (k) **"Non-Voting Member"** means a Member not entitled to vote at a General Meeting.
- (l) **"Officer"** means any person elected or appointed as an officer of the Foundation.
- (m) **"Rotary Clubs"** means, collectively, those Rotary Clubs chartered by Rotary International and established from time to time in the City of Calgary which, as of the date this By-law is adopted, include The Rotary Club of Calgary, Rotary Club of Calgary South, Rotary Club of Calgary West, Rotary Club of Calgary North, Rotary Club of Calgary East, Rotary Club of Calgary Centennial, Rotary Club of Calgary Olympic, Rotary Club of Calgary Heritage Park, Rotary Club of Calgary Sarcee, Rotary Club of Calgary Chinook, Rotary Club of Calgary Crowchild Urban Spirit, Rotary Club of Calgary Fish Creek, Rotary Club of Calgary Millennium.
- (n) **"Rotary Clubs Funds"** means the funds and accounts for such funds established by the Foundation for each Rotary Club for the funds, assets and property gifted or otherwise contributed to the Foundation and which are designated by or otherwise contributed to or for designation by that Rotary Club.

- (o) **"Rotary Clubs Funds Amounts"** means the aggregate amount of funds in the Rotary Clubs Funds; and **"Rotary Club Fund Amount"** means the amount of funds in a Rotary Club Fund.
- (p) **"Special General Meeting"** means a special general meeting described in Section 4.2.
- (q) **"Special Resolution"** means:
 - (i) a resolution of the Voting Members passed:
 - (A) at a General Meeting of which notice specifying the intention to propose the resolution has been duly given; and
 - (B) by the vote of not less than seventy-five (75%) percent of those Voting Members who, if entitled to do so, vote in person;
 - (ii) a resolution of the Voting Members proposed and passed as a special resolution at a General Meeting of which notice has been duly given, if all of the Voting Members entitled to attend and vote at the General Meeting so agree; or
 - (iii) a resolution consented to in writing by all of the Voting Members who would have been entitled at a General Meeting to vote on the resolution in person.
- (r) **"Voting Member"** means a Member entitled to vote at a General Meeting.

ARTICLE 3 MEMBERSHIP

3.1 Members

- (a) At any time and from time to time the Rotary Club Fund Amount of The Rotary Club of Calgary is, on the first day of July of any calendar year, equal to or more than one-half (1/2) of the Rotary Clubs Funds Amounts, each Rotary Club shall be entitled to name and appoint one (1) of its members as a Member of the Foundation, except:
- (i) The Rotary Club of Calgary - South shall be entitled to name and appoint up to three (3) of its members as Members of the Foundation;
 - (ii) The Rotary Club of Calgary - West shall be entitled to name and appoint up to two (2) of its members as Members of the Foundation;
 - (iii) The Rotary Club of Calgary shall be entitled to name and appoint the number of its members as Members of the Foundation up to the aggregate number of Voting Members of the Foundation eligible to be appointed by all of the other Rotary Clubs; and
 - (iv) Any Rotary Club whose Rotary Club Fund amount equals or exceeds the Rotary Club Fund amount of the Rotary Club of Calgary West at July 1st of any given year shall be entitled to name and appoint up to two (2) of its members as members of the Foundation for the following year and every year thereafter; and any Rotary Club whose Rotary Club Fund amount equals or exceeds the Rotary Club Fund amount of the Rotary Club of Calgary South at July 1st of any given year shall be entitled to name and appointment up to three (3) of its members as members of the Foundation for the following year and every year thereafter.

(b) At any time and from time to time the Rotary Club Fund Amount of The Rotary Club of Calgary is, on the first day of July of any calendar year, less than one-half (2) of the Rotary Clubs Funds Amounts, each Rotary Club shall be entitled to name and appoint one (1) of its members as a Member of the Foundation, provided:

(i) the aggregate number of Members shall be equal to two (2) times the number of Rotary Clubs then existing; and

(ii) in addition to the one (1) Member to be named and appointed by each Rotary Club, each Rotary Club shall be entitled to name and appoint additional Member(s) in proportion (and rounded down to the nearest whole number) that its Rotary Club Fund Amount is to the Rotary Club Funds Amounts (determined effective on the first day of July in such calendar year) times the number of Rotary Clubs then existing.

3.2 Classes of Members

There shall be two classes of Members, namely Voting Members and Non-Voting Members.

3.3 Voting Members

A Voting Member is a Member who has been named and appointed by a Rotary Club which, at the time a vote of the Members is taken, has a Rotary Club Fund Amount in excess of \$10,000.00 or such greater amount as may be approved from time to time by resolution of the Board.

3.4 Naming and Appointing Members

- (a) Prior to April 1 of each calendar year, the Foundation shall provide written notice to the president and president elect of each Rotary Club of its member or members currently named as a Member or Members of the Foundation and the length of tenure of the member or members as a Member or Members of the Foundation. Subject to the other provisions of this Article IV, the member or members so named shall continue as a Member or Members of the Foundation unless the president elect of such Rotary Club shall provide written notice to the Foundation prior to the first day of July of such calendar year of their replacement to be effective the first day of July of such calendar year.
- (b) The president of a Rotary Club, whose member named and appointed as a Member of the Foundation has ceased for whatever reason to be a Member, shall have the right by written notice to the Chairperson or Secretary of the Foundation to name and appoint a member of that Rotary Club as a Member of the Foundation to fill such vacancy.

3.5 Term and Duration of Membership

Subject to Section 3.4, it is the intention of the Foundation that each Member be named and appointed as a Member of the Foundation for a term of three (3) years and for a maximum of up to two (2) terms. A Member of the Foundation shall remain a Member until the Member:

- (a) is replaced by the Rotary Club which named and appointed the Member; or
- (b) delivers a resignation as a Member or as a Director or both in writing to the Board through the Secretary of the Foundation; or
- (c) is terminated as a Member of the Foundation pursuant to the provisions of the Bylaws.

3.6 Rights and Privileges of Members

Each Member is entitled to:

- (a) receive notice of meetings of the Foundation and the Board;
- (b) attend any meeting of the Foundation and the Board;
- (c) speak at any meeting of the Foundation and the Board; and
- (d) exercise other rights and privileges given to Members in this By-law.

3.7 Termination of Membership

A Member shall cease to be a Member of the Foundation:

- (a) by being replaced by notice in writing to the Chairperson or Secretary of the Foundation from the president elect of the Rotary Club which named and appointed the Member as provided in Subsection 3.5(a); or
- (b) if the Member ceases to be a member of the Rotary Club which named and appointed the Member to the Foundation; or
- (c) if the Member is found by a court to be of unsound mind; or
- (d) if the Member becomes bankrupt; or
- (e) on the death of the Member; or
- (f) on dissolution of the Foundation.

3.8 Limitation on the Liability of Members

No Member, in the Member's personal capacity, is liable for any debt or liability of the Foundation.

ARTICLE 4
MEETINGS OF THE MEMBERS

4.1 Annual General Meeting

An annual general meeting of the Members of the Foundation shall be held in Calgary, Alberta within four (4) months of the end of the fiscal year of the Foundation at such time and place as the Board or Chairperson may determine. The following business shall be conducted at an annual general meeting:

- (a) adopt the minutes of the last Annual General Meeting;
- (b) consideration of the audited financial statements for the prior fiscal year;
- (c) appointment of auditors;
- (d) receipt of the report of the Board on the activities of the Foundation for the prior year;
- (e) report of the Chairperson and consideration of the report of the Chairperson;
and
- (f) any other business, including special business, that may properly be brought before the meeting.

4.2 Special General Meeting of the Foundation

A Special General Meeting of the Members of the Foundation may be called by the Board, or by the Chairperson upon receipt of a written request by at least three (3) of the Directors stating the reason for the Special General Meeting and the motion(s) intended to be submitted at the Special General Meeting.

4.3 General Meetings by Telephone or Other Means of Telecommunication

A Member may participate in a General Meeting by telephone or other means of telecommunication that permits all persons participating in the General Meeting to hear each other. A Member participating in a General Meeting in such manner shall be considered present at the General Meeting.

4.4 Place of General Meetings

General Meetings of Members of the Foundation shall be held in the City of Calgary unless otherwise approved by the Board.

4.5 Notice of General Meetings

Written notice of any General Meeting of the Members of the Foundation shall be given twenty-one (21) days in advance of the General Meeting. The notice shall specify the place and time of the General Meeting and, if any special business will be transacted at the General Meeting, the notice shall contain sufficient information to permit the Member to form a reasoned judgement on the decision to be taken.

4.6 Waiver of Notice

All Voting Members of the Foundation entitled to receive notice of a General Meeting of the Foundation, by unanimous consent in writing given before, during or after the General Meeting, shall have the right to waive or reduce the period of notice of such General Meeting.

4.7 Record Date

The record date for the determination of the Members entitled to vote at any General Meeting of Members of the Foundation shall be midnight on the 15th day preceding the date of the General Meeting.

4.8 Persons Entitled to Attend

The only persons entitled to be present at a meeting of Members of the Foundation shall be: (a) Members; (b) the Directors, Officers and auditors of the Foundation; and (c) others who, although not Members, are entitled or required under any provision of the Act to attend. Any other person may be admitted on the invitation of the chair of the General Meeting or with the consent of the General Meeting.

4.9 Quorum

A quorum for any General Meeting shall be one-third (1/3) of the Voting Members present in person provided however, at any time when the number of Voting Members the Rotary Clubs are entitled to name and appoint is determined pursuant to Subsection 3.1(a), at least one-half of the quorum must be constituted by Voting Members who are members of The Rotary Club of Calgary. If a quorum is present at the opening of a General Meeting, the Members may proceed with the business of the General Meeting notwithstanding that a quorum is not present through the General Meeting. If a quorum is not present at the opening of the General Meeting, the Voting Members present may adjourn the meeting to a fixed time and place, but may not transact any other business.

4.10 Chair of General Meetings

The chair of any General Meeting shall be the Chairperson if present or the Vice Chairperson if the Chairperson is not present. If no such person is present and willing to act as chair of the General Meeting, those Voting Members present shall choose a person who is a Voting Member to chair the General Meeting. The chair shall conduct the proceedings at the General Meeting in all respects and the decisions of the chair in respect of the conduct of such proceedings shall be conclusive and binding on the Members.

4.11 Action of Members

Every question submitted to a General Meeting, subject to the Act, shall be decided by a majority of votes cast by Voting Members and, in the case of equality of votes, the chair shall have a second or casting vote. All votes, unless the chair elects to call for a ballot, or a ballot is demanded by a Voting Member, shall be determined by a show of hands.

4.12 Adjournment

If a General Meeting of the Members of the Foundation is adjourned by one or more adjournments for an aggregate of less than thirty (30) days, it shall not be necessary to give notice of the adjourned General Meeting, other than by announcement at the General Meeting adjourned of the time of the adjournment. If a General Meeting of the Members of the Foundation is adjourned for an aggregate of thirty (30) days or more, notice of the adjourned General Meeting shall be given in the same manner as for the original General Meeting.

4.13 Voting

At a General Meeting, each Voting Member shall be entitled to one (1) vote and a vote must be made in person by the Voting Member.

ARTICLE 5 DIRECTORS

5.1 Duties and Powers of the Board

- (a) The Board of Directors shall manage and supervise the management of the affairs of the Foundation.
- (b) The duties and powers of the Board shall include:
 - (i) promoting the objects of the Foundation;

- (ii) maintaining and protecting the funds, assets and property of the Foundation;
- (iii) approving an annual budget for the Foundation;
- (iv) authorizing annual distributions from the Rotary Clubs Funds to Rotary Clubs in accordance with the distribution policies approved by the Board;
- (v) ensuring the maintenance of all accounts and financial records of the Foundation, the keeping of proper books of account thereof, accounting for each Rotary Club Fund, and approving financial reports;
- (vi) appointing one or more Investment Custodians to assume the custody of the funds, assets and property of the Foundation or such portion or portions of it as may be allotted by the Board to any Investment Custodian, to act as custodian for the Foundation and, if desired, as Investment Manager of it; and revoking the appointment of any Investment Custodian as custodian, and appointing any other Investment Custodian as custodian in its place;
- (vii) appointing one or more Investment Managers to assume the management of the funds, assets and property of the Foundation or such portion or portions of it as may be allotted by the Board to any Investment Manager and revoking the appointment of any Investment Manager and appointing any other Investment Manager to assume the management of the funds, assets and property of the Foundation in its place;

- (viii) making policies, rules and regulations and directions for managing and operating the Foundation and for determination of the amount of annual distributions from the Rotary Clubs Funds to Rotary Clubs; and
- (ix) establishing, determining the chair of, and requesting and approving reports and actions of committees established by the Board.

5.2 Composition of the Board

The Directors of the Board shall be the Voting Members of the Foundation from time to time.

5.3 Tenure of Directors

It is the intention of the Foundation that each Director be a Director for a term of three (3) years and for a maximum of up to two (2) terms. A Director shall remain a Director of the Board until the Director:

- (a) delivers a resignation as a Director in writing to the Board through the Secretary of the Foundation; or
- (b) is terminated as a Director of the Board pursuant to the provisions of the By-laws.

5.4 Honorary Directors

From time to time, the Board may appoint one or more members of the Rotary Clubs as an honorary Director(s) of the Foundation, for a term or terms determined by the Board from time to time, with all the rights to receive notice of, to attend and participate in all meetings of the Board and General Meetings of the Foundation, but with no right to vote as a Director.

5.5 Removal of a Director

The office of a Director shall be automatically vacated if the Director ceases, for any reason, to be a Member of the Foundation.

ARTICLE 6 MEETINGS OF THE BOARD

6.1 Calling and Notice of Meetings of the Board

- (a) A meeting of the Board shall be held immediately after an Annual General Meeting of the Foundation. Otherwise, meetings of the Board shall be called and held at such time and place as the Board, the Chairperson or any three (3) Directors may determine.
- (b) Written (including, without limitation, by e-mail, fax or other means of electronic communication) notice of each meeting of the Board shall be given to each Director not less than twenty-one (21) days before the time when the meeting is to be held, unless waived.
- (c) The first meeting of the Board immediately after an Annual General Meeting of the Members shall be held without the requirement of notice.
- (d) No error or omission with respect to notice for a meeting of the Board shall invalidate or make void any proceedings taken at the meeting of the Board.

6.2 Meetings by Telephone or Other Means of Telecommunication

A Director may participate in a meeting of the Board or of a committee of the Board by telephone or other means of telecommunication that permits all persons participating in the meeting to hear each other. A Director participating in such a meeting in such manner shall be considered present at the meeting.

6.3 Place of Meetings

Meetings of the Board shall be held in the City of Calgary unless otherwise approved by the Board.

6.4 Waiver of Notice

All Directors of the Board entitled to receive notice of a meeting of the Board, by unanimous consent in writing given before, during or after the meeting, may waive or reduce the period of notice of such meeting.

6.5 Persons Entitled to Attend

The only persons entitled to be present at a meeting of the Board shall be:

- (a) the Directors, Officers and auditors of the Foundation;
- (b) Members who are not Directors; and
- (c) others who, although not Directors, are entitled or required under any provision of the Act to attend.

Any other person may be admitted on the invitation of the Chairperson or with the consent of the Board.

6.6 Quorum

A quorum for the transaction of business at any meeting of the Board shall be one-third (3) of the Directors or such greater number of Directors as the Board may determine from time to time provided however, at any time when the number of Voting Members the Rotary Clubs are entitled to name and appoint is determined pursuant to Subsection 3.1(a), at least one-half of the quorum must be constituted by Directors who are members of The Rotary Club of Calgary. If a quorum is present at the opening of a meeting of the Board, the Directors may proceed with the business of the meeting,

notwithstanding that a quorum is not present through the meeting. If a quorum is not present at the opening of the meeting of the Board, the Directors present may adjourn the meeting to a fixed time and place, but may not transact any other business.

6.7 Chair of General Meetings

The chair of any meeting of the Board shall be the Chairperson if present or the Vice Chairperson if the Chairperson is not present. If no such person is present and willing to act as chair of the meeting of the Board, the Directors present shall choose one of the Directors present to chair the meeting of the Board. The chair shall conduct the proceedings at a meeting of the Board in all respects and the decisions of the chair in respect of the conduct of such proceedings shall be conclusive and binding on the Board.

6.8 Action by the Board

At all meetings of the Board every question shall be decided by a majority of votes cast on the question. A Director participating in a meeting by telephone or other means of communication may vote by such means. In case of an equality of votes, the chair of the meeting shall not have a second or casting vote. The powers of the Board may also be exercised by resolution in writing (which resolution may be signed in counterpart and communicated by e-mail, fax or other means of electronic communication) by all of the Directors who would have been entitled to vote on that resolution at a meeting of the Board.

6.9 Adjournment

Any meeting of the Board may be adjourned from time to time by the chair of the meeting, with the consent of a majority of the Directors present at the meeting, to a fixed time and place. The adjourned meeting shall be duly constituted if a quorum is present and if it is held in accordance with the terms of the adjournment. If there is no

quorum present at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

ARTICLE 7 OFFICERS

7.1 Officers

The officers of the Foundation shall be a Chairperson, Vice-Chairperson, Secretary and Treasurer and such other officers as the Board may by resolution determine from time to time. Any two (2) offices may be held by the same person. The Chairperson, Vice-Chairperson, Secretary and Treasurer shall be Directors.

7.2 Election of Officers

The Chairperson and the other Officers shall be appointed by resolution of the Board at the first meeting of the Board immediately after an Annual General Meeting.

7.3 Term of Appointment of Officers

The Officers of the Foundation shall hold office for one (1) year from the date of appointment or until their successors are elected or appointed in their stead. Officers shall be subject to removal by resolution of the Board of Directors at any time.

7.4 Duties of the Chairperson

The Chairperson shall:

- (a) when present, chair all General Meetings of the Members of the Foundation and meetings of the Board;
- (b) appoint committee chairs, as required;
- (c) act as signing officer for cheques, contracts and other documents of the Foundation;

- (d) serve as ex officio member of all Committees and attend their meetings, as required;
- (e) provide leadership to the Board;
- (f) ensure the Board adheres to the By-laws and constitution of the Foundation;
- (g) prepare the agenda for meetings of the Board with input from Directors;
- (h) encourage Directors to participate in meetings and activities;
- (i) orient new Directors and committee chairs to the Board;
- (j) communicate with presidents elect of the Rotary Clubs respecting the members of Rotary Clubs to be named and appointed as Members of the Foundation to ensure appropriate and experienced members of Rotary Clubs are named and appointed as Members of the Foundation;
- (k) act as spokesperson for the Foundation and promote the purpose of the Foundation in the community and to the media;
- (l) prepare a report for the Annual General Meeting; and
- (m) carry out other duties assigned by the Board.

7.5 Duties of the Vice Chairperson

The Vice-Chairperson shall:

- (a) preside at meetings in the Chairperson's absence;
- (b) replace the Chairperson at various functions when asked to do so by the Chairperson or the Board;
- (c) learn the duties of the Chairperson and stay informed on key issues;

- (d) act as a signing officer for cheques, contracts and other documents of the Foundation; and
- (e) carry out other duties assigned by the Board.

7.6 Duties of the Secretary

The Secretary shall:

- (a) maintain copies of the constitution, By-laws and policy statements of the Foundation;
- (b) keep a record of meetings of General Meetings, meetings of the Board and meetings of Foundation committees;
- (c) notify Directors of Board meetings and notify Members of General Meetings;
- (d) attend all General Meetings of the Foundation and meetings of the Board;
- (e) bring to General Meetings and meetings of the Board copies of the constitution, By-laws and policy statements of the Foundation and the minute book of the Foundation;
- (f) keep records of Board attendance;
- (g) ensure there is a quorum at General Meetings and meetings of the Board;
- (h) keep accurate minutes of General Meetings and meetings of the Board;
- (i) record all corrections to minutes;
- (j) notify all Members of General Meetings;
- (k) act as a signing officer for cheques, contracts and other documents of the Foundation;

- (l) keep the seal of the Foundation;
- (m) file the annual return, changes in Directors of the Foundation, and any amendments of the By-laws with Alberta Corporate Registry; and
- (n) carry out other duties as assigned by the Board.

7.7 The Treasurer

The Treasurer shall:

- (a) arrange for all fiscal policies approved by the Board to be implemented;
- (b) arrange for receipt, maintenance, investment, disbursement and distribution of funds of the Foundation in accordance with the By-laws and any distribution policy approved by the Members;
- (c) ensure a detailed accounting of revenues and expenditures is maintained and presented in summary form to the Board as requested;
- (d) act as signing officer with another officer for cheques, contracts and other documents of the Foundation;
- (e) ensure all monies paid to the Foundation are deposited in a financial institution chosen by the Board;
- (f) issue all tax receipts for funds and other assets and properties received by the Foundation, subject to the provisions of the *Income Tax Act* (Canada);
- (g) ensure an audited statement of the financial position of the Foundation is prepared and presented to the Annual General Meeting; and
- (h) carry out other duties as assigned by the Board.

ARTICLE 8
DUTIES AND LIABILITY OF DIRECTORS AND OFFICERS

8.1 Disclosure of Personal Interest or Conflict of Interest

- (a) A Director or Officer of the Foundation who:
- (i) is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Foundation; or
 - (ii) is a shareholder, director or officer of, or has a material interest in, any party which is a party to a material contract or material transaction or proposed material contract or proposed material transaction with the Foundation,

shall disclose in writing to the Foundation or request to have entered in the minutes of meetings of the Board the nature and extent of such interest.

- (b) The disclosure required by Subsection 8.1(a) shall be made, in the case of a Director:
- (i) at the meeting of the Board at which a proposed contract or transaction is first considered;
 - (ii) if the Director was not interested in a proposed contract or transaction at the time of the meeting referred to in clause (i), at the first meeting of the Board after such Director becomes so interested;
 - (iii) if the Director becomes interested after a contract is made, at the first meeting of the Board after such Director becomes so interested;
- or

- (iv) if a person who is interested in a contract or transaction later becomes a Director, at the first meeting of the Board after such person becomes a Director.
- (c) The disclosure required by Subsection 9.1(a) shall be made, in the case of an Officer who is not a Director:
 - (i) (i) forthwith after such person becomes aware that the contract or transaction or proposed contract or transaction is to be considered or has been considered at a meeting of the Board;
 - (ii) if the Officer becomes interested after a contract or transaction is made, forthwith after such Officer becomes so interested; or
 - (iii) if a person who is interested in a contract or transaction later becomes an Officer, forthwith after such person becomes an Officer.
- (d) If a material contract or material transaction or proposed material contract or proposed material transaction is one that, in the ordinary course of the operation of the Foundation, would not require approval by the Board or Members, a Director or Officer shall disclose in writing to the Foundation, or request to have entered in the minutes of meetings of the Board, the nature and extent of such person's interest forthwith.
- (e) A Director referred to in Subsection 8.1(a) shall not vote on any resolution to approve the contract or transaction.
- (f) For the purpose of this Section 8.1, a general notice to the Directors by a Director or Officer is a sufficient disclosure of interest in relation to any contract or transaction made between the Foundation and a party in which the Director or Officer has a material interest or of which the Director or Office is a director or officer if:

- (i) the notice declares the Director or Officer is a director or officer of, or has a material interest in, the party and is to be regarded as interested in any contract or transaction made or to be made by the Foundation with that party, and states the nature and extent of his or her interest; and
 - (ii) at the time disclosure would otherwise be required under Subsection (b), (c) or (d) of this Section 8.1, as the case may be, the extent of the interest in that party is not greater than that stated in the notice.
- (g) If a material contract or transaction is made between the Foundation and one or more of its Directors or Officers, or between the Foundation and another party of which a Director or Officer of the Foundation is a director or officer or in which the Director or officer has a material interest:
 - (i) the contract or transaction shall be considered neither void nor voidable by reason only of the relationship, or by reason only that a Director with an interest in the contract or transaction is present at or is counted to determine the presence of a quorum at a meeting of the Board or committee of the Foundation that authorized the contract or transaction; and
 - (ii) a Director or Officer or former Director or Officer of the Foundation to whom a profit accrues as a result of the making of the contract or transaction shall not be liable to account to the Foundation for that profit by reason only of holding office as a Director or Officer, if the Director or Officer disclosed the interest in accordance with Subsection (b), (c), (d) or (e) of this Section 8.1, as the case may be, and the contract or transaction was approved by the Board and it was reasonable and fair to the Foundation at the time it was approved.

8.2 Duty and Standard of Care

- (a) Each Director and Officer of the Foundation in exercising his or her powers and discharging his or her duties shall:
 - (i) act honestly and in good faith with a view to the best interests of the Foundation; and
 - (ii) exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.
- (b) Each Director and Officer of the Foundation shall comply with the requirements of the Act and the By-Laws.
- (c) No Director or Officer for the time being of the Foundation shall be liable for the acts, receipts, neglects or defaults of any other Director or any Officer or employee, or for joining in any receipt or act for conformity, or for any loss, damage or expense happening to the Foundation through the insufficiency or deficiency of title to any property acquired by the Foundation or for on behalf of the Foundation or for the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the Foundation shall be placed or invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, firm or corporation including any person, firm or corporation with whom or with which any monies, securities or effects shall be lodged or deposited, or for any loss, conversion, misapplication or misappropriation of or any damage resulting from any dealings with any monies, securities or other assets of or belonging to the Foundation or for any other loss, damage or misfortune whatsoever which may happen in the execution of the duties of his or her respective office or trust or in relation thereto unless the same shall happen by or through the failure of the Director or Officer to exercise the powers and to discharge the duties of office honestly and in good faith with a view to the best interests of the Foundation and to exercise the care, diligence

and skill that a reasonably prudent person would exercise in comparable circumstances.

- (d) A Director is not liable for any breach of duty to the Foundation if the Director relies in good faith on:
 - (i) financial statements of the Foundation prepared by the auditor of the Foundation fairly to reflect the financial condition of the Foundation;
or
 - (ii) an opinion or report of a lawyer, accountant or other person whose profession lends credibility to a statement made by such person where such person is retained by the Foundation to provide the opinion or report.
- (e) A Director or Officer shall not be held liable for a breach of the duty otherwise imposed by this Article 9.2 if the Director or Officer has, in committing the breach, acted honestly and reasonably and ought fairly to be excused from such liability, as determined by the Board, such assessment to be made with a particular view to the voluntary nature of the service of the Director as a Director of the Foundation.

8.3 Indemnification and Insurance

- (a) Except in respect of an action by or on behalf of the Foundation or another entity to procure a judgment in its favor, the Foundation shall indemnify a Director or Officer of the Foundation, a former Director or Officer, and the heirs and legal representatives of any such Director or Officer, against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, reasonably incurred by such person in respect of any civil, criminal or administrative, investigative or other proceeding in which such person is

involved by reason of being or having been a Director or Officer of the Foundation, if:

- (i) such person acted honestly and in good faith with a view to the best interests of the Foundation, or other entity as the case may be; and
 - (ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty, such person had reasonable grounds for believing that his or her conduct was lawful.
- (b) In respect of action by or on behalf of the Foundation to procure a judgment in its favor, to which the Director or Officer is made a party by reason of being or having been a director and/or officer of the Foundation, the Foundation shall, indemnify and save harmless the Director or Officer, and the heirs and legal representatives of any such Director or Officer against all expenses actually and reasonably incurred by them in connection with such proceedings if the Director or Officer fulfils the conditions set out in Subsections 8.3(a)(i) and (ii) above and the indemnity is approved by the those Directors of the Board who are not involved in such proceeding.
- (c) The Foundation shall advance moneys to an individual referred to in Subsection 8.3(a) or (b) for the costs, charges and expenses of a proceeding referred to in such Subsections, provided that such individual shall repay the moneys if the individual does not fulfill the conditions set forth in such Sections.
- (d) The Foundation may enter into indemnification agreements with individual Directors or Officers in the form and on terms approved by the Board.
- (e) The rights of any person to indemnification under this By-Law are not exclusive of any other rights to which any person seeking indemnification may be entitled by any agreement, vote of Members or Directors, at law or otherwise, and shall

continue as to a person who has ceased to be a Director or Officer and will enure to the benefit of the heirs and legal representatives of that person.

- (f) The Foundation may purchase and maintain insurance for the benefit of any person referred to in Subsection 8.3(a) or (b) against any liability incurred by such person in their capacity as such Director or Officer of the Foundation.

ARTICLE 9

FINANCE AND OTHER MANAGEMENT MATTERS

9.1 The Registered Office

The registered office of the Foundation shall be located in Calgary, Alberta or such other place in the Province of Alberta as may be established at a General Meeting or by resolution of the Board.

9.2 Real Property

Any real property owned by the Foundation shall be registered in the Foundation's name.

9.3 Insurance

The Foundation may secure and continue to provide all necessary insurance, including liability insurance for all Directors.

9.4 Fiscal Year

The fiscal year of the Foundation shall commence on the first day of March of each year.

9.5 Auditors

There must be an audit of the books, accounts, and records of the Foundation at least once each year. A qualified accountant or accounting firm appointed at each Annual General Meeting shall perform this audit. At each Annual General Meeting of the

Foundation, such auditor shall submit a complete financial statement of the operations of the Foundation for the previous year. The Board shall fix the remuneration, if any, of the auditor.

9.6 Seal of the Foundation

- (a) The Board may adopt a seal as the seal of the Foundation and the Secretary shall have control and custody of the seal, unless the Board decides otherwise.
- (b) The seal of the Foundation can only be used by Officers authorized by the Board from time to time.

9.7 Cheques and Contracts of the Foundation

- (a) The Officers sign all cheques drawn on the monies of the Foundation. Two signatures shall be required on all cheques, provided the Board may authorize in writing any one Officer or Director to sign cheques for certain amounts and circumstances.
- (b) All contracts and other documents of the Foundation must be signed by the Officers or Directors authorized to do so by resolution of the Board.

9.8 Keeping and Inspection of Books and Records of the Foundation.

- (a) The Secretary shall keep a copy of the minute book(s) and records of minutes of all General Meetings, meetings of the Board and meetings of other committees of the Board.
- (b) The Secretary shall keep the original minute book(s) at the registered office of the Foundation.
- (c) The Board shall keep and file all necessary books and records of the Foundation as required by the By-laws, the Act, or any other statute or laws.

9.9 Receipt and Distribution of Gifts and other Contributions

- (a) All monetary gifts and contributions to the Foundation shall be deposited with an Investment Custodian appointed pursuant to this By-Law and such funds shall be designated and marked to the credit of the Foundation. All gifts and contributions to the Foundation which are not funds shall be transferred or otherwise conveyed to an Investment Custodian appointed pursuant to this By-Law and shall be designated and marked to the credit of the Foundation.
- (b) Although each Investment Custodian shall act as custodian of funds and property of the Foundation, a separate accounting record for the Rotary Club Fund of each Rotary Club shall be kept and maintained by the Foundation showing:
 - (i) cumulative total monetary gifts and contributions, together with interest and other income earned on or in respect thereof and other income earned on or in respect of other assets and property of the Foundation deposited to the Rotary Club Fund of such Rotary Club; less
 - (ii) cumulative distributions from the Rotary Club Fund of such Rotary Club.
- (c) A distribution by the Foundation from Rotary Clubs Funds shall be:
 - (i) made annually in accordance with the distribution policies approved by the Board and within 120 days after the end of each fiscal year of the Foundation;
 - (ii) authorized by resolution of the Board in accordance with the provisions of the By-laws; and
 - (iii) made to or as directed by the Rotary Clubs to a registered charity or qualified donee, as those terms are defined or prescribed in the

Income Tax Act (Canada), provided a distribution to or on behalf of a Rotary Club shall be allocated and paid to, or as directed by, that Rotary Club from its Rotary Club Fund and from no other Rotary Club Fund.

- (d) For the purposes of the determination of any distribution from Rotary Clubs Funds in accordance with the distribution policies approved by the Board, "income" shall mean the excess of revenue over expenditures calculated in accordance with generally accepted accounting principles adjusted for unrealized gains or losses on the portfolio of marketable securities.

9.10 Investment and Holding of Foundation Funds and Property

- (a) The Board may invest the funds and other property of the Foundation in any form of property or security as the Board may see fit but in so doing, the Board must adhere to investment policies, standards and procedures that a reasonable and prudent person would apply in respect of a portfolio of investments to avoid undue risk of loss and obtain a reasonable return.
- (b) The Board and the Directors shall not be liable for a loss to the Foundation arising from the investment of the funds and other property of the Foundation if the conduct of the Board that led to the loss conformed to investment policies, standards and procedures and a plan or strategy for the investment of the funds and other property of the Foundation comprised to avoid undue risk and obtain a reasonable return that a reasonable and prudent person could adopt under comparable circumstances.
- (c) Subject to the express direction to the contrary in the terms of a gift or other contribution or in any trust imposed by a donor, the Board may delegate its powers of investment to any person or body, including an Investment Manager, to any extent and for any period, and on any terms, including terms as to payment of such delegate, that the Board considers reasonable, provided that

such delegation is such that a reasonable and prudent person could adopt in accordance with ordinary practices of a charitable society or foundation.

- (d) The Board, from time to time, may make and amend resolutions concerning the investment policies, standards and procedures for the Foundation provided that such policies, standards and procedures shall be in accordance with the investment powers set out in any of the By-laws.
- (e) Notwithstanding any of the foregoing provisions of this Section 9.10, the Board may in its discretion retain and hold any part of the funds and other property of the Foundation in trust for the Foundation in the form in which such funds and other property were received, for such period as the Board or any Investment Manager appointed by the Board may determine.

9.11 Appointment and Requirements of the Investment Custodian

- (a) The Foundation, from time to time by resolution of the Board, shall appoint one or more Investment Custodian to assume the custody of the funds and other property of the Foundation, or such portions of it as may be allotted by the Board to such Investment Custodian, to act as custodian for the Foundation and, if desired, as Investment Manager of it.
- (b) The Foundation, from time to time by resolution of the Board, may revoke the appointment of any Investment Custodian as custodian of the funds and other property of the Foundation, and from time to time by resolution of the Board, may appoint any other Investment Custodian as custodian in its place.
- (c) The Foundation shall authorize and require any custodian of the funds and other property of the Foundation, during its continuation in office as custodian:
 - (i) to have custody of all the funds and other property entrusted to it by the Foundation or by any donor on behalf of the Foundation and make all investments, reinvestments, conversions, sales or

dispositions of it which at any time and from time to time the Board or any Investment Manager appointed by the Board considers necessary or desirable;

- (ii) to observe, carry out, perform and give effect to all terms, provisions and conditions expressed in the terms of any gift of contribution or in any instrument creating any trust;
- (iii) to give effect to and observe all directions with regard to any of the funds and other property entrusted to the Foundation which may be at any time or from time to time be given in writing by the Board;
- (iv) to pay or otherwise distribute to the Foundation from the funds and other property in its possession such sums and in such manner as directed by the Board from time to time; and
- (v) to give to the auditor of the Foundation all information and permit the auditor to make such inspections as are necessary to carry out any annual or other audit of the Foundation.

9.12 Appointment and Requirements of the Investment Manager

- (a) The Foundation, from time to time by resolution of the Board, may appoint one or more Investment Manager to assume the management of the funds and other property of the Foundation comprising gifts and other contributions or such portion or portions thereof as may be allotted by the Board to an Investment Manager.
- (b) Each Investment Manager appointed by the Foundation shall have the professional and industry capacity and qualifications to act as a discretionary manager.

- (c) The Foundation, from time to time by resolution of the Board, may revoke the appointment of any Investment Manager and from time to time by resolution of the Board, may appoint any other Investment Manager in its place.
- (d) The Foundation shall require each Investment Manager, during its continuance in office as investment manager for the Foundation, to make all investments, reinvestments, conversions, sales or dispositions of the property which it is managing and which it, from time to time, may consider necessary or desirable and which the Foundation is empowered to make.

9.13 Requirements of Treasurer

The Treasurer shall annually prepare or cause to be prepared financial statements of the Rotary Clubs Funds and the funds and other property held for or by the Foundation, including the receipts of the Foundation, outgoings from the accounts of the Foundation, and the various investments held on behalf of the Foundation, with such further particulars as the Members of the Foundation may require from time to time. Such annual financial statements of the Foundation shall be audited and shall be presented to the Foundation at the Annual General Meeting. In addition, The Treasurer shall mail or caused to be mailed to the president or secretary of each Rotary Club within thirty (30) days after each Annual General Meeting of the Foundation one copy of such financial statements.

9.14 Inspection of Books and Records

confidential, shall be open to inspection by the Members. A Member wishing to inspect the books or records of the Foundation must give reasonable prior written notice to the Chairperson or the Secretary of the Foundation of the intention to do so. Such inspection will take place only at an office in the City of Calgary designated by the Chairperson.

9.15 Borrowing Powers

- (a) The Foundation shall have the right to pledge its credit or borrow money only for such purpose and on such terms and conditions as may be approved by a seventy-five (75%) percent majority vote of the Board.
- (b) The Foundation may issue debentures to borrow only by resolution of the Board confirmed by a Special Resolution of the Foundation.

9.16 Remuneration and Expenses

- (a) No Member, Officer or Director of the Foundation shall receive any remuneration for his or her services as a Member, Officer or Director.
- (b) Expenses which are incurred by a Member, Officer or Director while carrying out duties of the Foundation and which are approved by the Board shall be reimbursed by the Foundation.

ARTICLE 10 AMENDING THE BY-LAWS

10.1 Amendment of By-laws

- (a) The By-laws or any By-law, including this By-law, may be cancelled, altered, rescinded or added to only by Special Resolution at a General Meeting of the Foundation.
- (b) The notice of a General Meeting of the Foundation called to cancel, alter, rescind or add to the By-laws must include details of the proposed resolution to cancel, alter, rescind or add to the By-laws.
- (c) The cancellation, alteration, rescinding or addition to the By-laws takes effect after:

- (i) approval of the Special Resolution at the General Meeting called for such purpose; and
- (ii) acceptance of the cancellation, alteration, rescinding or addition of the By-laws by the Corporate Registry of Alberta.

10.2 Rules and Regulations

The Board may prescribe such rules and regulations for the Foundation not inconsistent with the By-laws, provided that such rules and regulations will only have force and effect until the next meeting of the Members of the Foundation when they must be ratified.

ARTICLE 11 DISPUTE RESOLUTION

11.1 Disputes

Subject to Subsection 22(1) of the Act, any Dispute arising out of the affairs of the Foundation and between any Members of the Foundation or between:

- (a) a Member or a person who is aggrieved and who has for not more than six (6) months ceased to be a Member; or
- (b) a person claiming through the Member or aggrieved person or claiming under the By-laws of the Foundation, and the Foundation or a Director or Officer of the Foundation, shall be resolved in the manner set forth in Section 11.2. For the purposes of this Article XII, "Dispute" means any dispute or controversy concerning any matter arising out of this By-law.

11.2 Dispute Resolution

If the parties to a Dispute are unable to agree in writing upon a resolution of the Dispute within thirty (30) days after written notice of the Dispute (including, in reasonable detail, a description of the dispute and naming the parties to the dispute) (a "Dispute

Notice") has been provided to the Chairperson or Secretary of the Foundation, the Dispute shall be resolved in the following manner and such resolution of the Dispute shall be final, conclusive and binding on all of the disputing parties and there shall be no rights of appeal:

- (a) any party to the Dispute shall be entitled to provide to each other party to the Dispute and to the Foundation a written notice of request for arbitration setting forth the matters to be arbitrated in detail, along with a list of at least three (3) proposed arbitrators including a curriculum vitae for each, which describes their respective training and experience (an "Arbitration Notice"). Any Arbitration notice shall be provided within thirty (30) days after the Dispute Notice has been provided to the Foundation;
- (b) the parties to the Dispute shall meet within fifteen (15) business days after the provision of the Arbitration Notice to attempt to agree on a single arbitrator, qualified by experience, education and training;
- (c) if the parties to the Dispute are unable to agree in writing on the selection of a single arbitrator within fifteen (15) business day after the provision of the Arbitration Notice, the party which issued the notice of request for arbitration shall have the right to apply to the Court of Queen's Bench of the Province of Alberta to appoint a single arbitrator of appropriate experience, education and training and expertise in respect of the subject matter of the Dispute. If the party which issued the notice of request for arbitration fails to make such application to the Court of Queen's Bench of the Province of Alberta within thirty (30) business days after the provision of the Arbitration Notice, any other party to the Dispute may make such application for the appointment of a single arbitrator;
- (d) the single arbitrator (an "Arbitrator") shall:

- (i) establish and set a date as soon as is practicable for written submissions to be received from each of the parties to the Dispute; and
 - (ii) provide a written decision respecting the Dispute within sixty (60) days of receipt of the submissions, which decision shall be final, conclusive and binding upon the parties to the Dispute;
- (e) the Arbitrator may make a written request for further clarification of any of the written submissions, which request and its response shall be provided to the parties to the Dispute;
- (f) the Arbitrator may conduct a hearing if same is necessary to fully determine the matters in dispute, which hearing shall be conducted in accordance with the *Arbitration Act* (Alberta) except as expressly otherwise provided in this Article XII;
- (g) the parties to the Dispute shall provide all such assistance and information as is necessary to enable the Arbitrator to determine the Dispute;
- (h) the Arbitrator shall make his or her decision as soon as are reasonable in accordance with all statutes, laws, bylaws, rules and regulations in effect from time to time (including any amendments thereto or replacements thereof) made by governments or governmental boards or agencies having jurisdiction in the Province of Alberta;
- (i) the fees and expenses of the Arbitrator shall be paid for by the Foundation, unless otherwise ordered by the Arbitrator;
- (j) the seat and location for arbitration shall be Calgary, Alberta; and
- (k) the language to be used in the arbitration shall be English.

ARTICLE 12
DISTRIBUTING ASSETS AND DISSOLVING THE FOUNDATION

12.1 Dissolution or Wind Up

Any decision to dissolve or wind up the Foundation shall be governed by the following procedure:

- (a) notice of the proposed dissolution or winding up shall be given to all Members of the Foundation in accordance with the By-laws governing the calling of a General Meeting and to each of the Rotary Clubs;
- (b) at any such General Meeting, the Members of the Foundation, by ordinary resolution, may resolve to dissolve or wind up the Foundation and appoint certain Members, persons or firms to carry out such dissolution or winding up;
- (c) the assets and property of the Foundation at the date of dissolution or winding up shall be sold or liquidated, and the proceeds applied to the liquidation of the Foundation's liabilities;
- (d) any funds or other property in each Rotary Club Fund remaining after the payment of all debts of the Foundation shall be distributed or otherwise directed or paid to a registered charity or qualified donee, as those terms are defined or prescribed in the *Income Tax Act* (Canada), as directed by each Rotary Club from its Rotary Club Fund and from no other Rotary Club Fund; and
- (e) in no event shall any Member receive any assets of the Foundation on dissolution, winding up or otherwise.

ARTICLE 13
PRIVACY LEGISLATION

13.1 Privacy Officer

The Board shall appoint a privacy officer at the first meeting of the Board after each Annual General Meeting of the Foundation. The Privacy Officer shall:

- (a) be accountable for compliance with the privacy legislation applicable to the Foundation;
- (b) be responsible for creating, implementing, updating and administering the Foundation's privacy policy;
- (c) make decisions governing changes to non-compliant policies and practices of the Foundation;
- (d) ensure that all uses, collections and disclosures of personal information in the course of commercial activity are consistent with the purposes identified by the Foundation;
- (e) respond to complaints and inquiries concerning privacy;
- (f) train any staff and volunteers regarding the Foundation's privacy policies; and
- (g) communicate the Foundation's privacy policy to the general public. The Foundation shall create, implement and maintain a privacy policy to ensure the compliance of the Foundation with applicable privacy legislation.

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