



**Policy Statements  
for  
Olds Institute for Community & Regional Development**

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## 1.0 Policy Making

### Purpose

Policies along with the Bylaws, Values, Vision, Mission, and Outcomes will set definite courses of action to guide and determine the present and future direction of the Olds Institute for Community and Regional Development.

### Policy

Policies will be established through which the Board will govern and identify the roles, responsibilities and functions of the Board, the officers of the Board, Board committees and the Executive Director.

### Procedure

Each new policy will:

1. Begin with a statement of Purpose, Policy and Procedure;
2. Not contradict other policy; and if overlapping another policy, ensure there is consistency and cross references in both policy areas;
3. Be sufficiently researched and legislation compliant;
4. Integrate and consider the needs of users and stakeholders; and
5. Be a planned activity allowing due diligence in which the issues and policies affected are identified.

## 2.0 Roles, Responsibilities and Functions of the Board

### Purpose

The role of the Board is to represent the Community of Olds and surrounding region in determining and demanding appropriate performance of the Olds Institute. This role deals primarily with the management control processes that are fundamental to the Institute achieving its Values, Vision, Mission, and Outcomes.

### Policy

The responsibilities of the Board are to:

1. Provide leadership and inspire the Institute through the initiation of policies reflecting the Institutes Values, Vision, Mission and Outcomes.
2. Ensure, through the monitoring of executive and organizational performance, that the Institute adds stakeholder value, and improves its levels of success.
3. Fulfill its fiduciary responsibilities that include:
  - a) ensuring the financial health of the Institute;
  - b) ensuring the Institute has sufficient financial resources to support appropriate human resources to direct the organizational operations;
  - c) ensuring the Board works effectively;
  - d) ensuring positive and effective community relations;
  - e) maintaining and protecting the Institute's assets and property;
  - f) approving an Annual Budget;
  - g) managing the Investments of the Institute;
  - h) approve borrowing or raising monies to finance the operation and management of the Institute;
  - i) approving all contracts for the Institute; and
  - j) approve and be accountable for the Olds Institute operating budget.
4. Define and respect the responsibilities of management.
5. Assume a temporary more-active role in managing the Institute where warranted by exceptional circumstances.
6. Identify advocacy issues and participate in building specific external relationships.
7. Operate in a responsible and considered manner consistent with the commitments extended to the Institute by Essential and Associate members.
8. Discipline itself, as necessary, in order to govern.
9. Appoint legal counsel as necessary.
10. Delegate its powers and duties to the Executive Committee or the paid Administrator of the Institute, when appropriate, without limiting the responsibility of the Board.

### **3.0 Board of Directors Code of Conduct**

#### Purpose

The Directors require clarity in how they should, and are expected to conduct themselves in their actions related to their membership on the Board of the Olds Institute.

#### Policy

The Board influences ethical values, both in formal ways, such as approving a code of conduct and policies, and in informal ways such as its own actions and its approval of or acquiescence in the actions of management. The Board must also seek to ensure that its own actions are consistent with stated values, and that it acts in the best interests of the Institute. (\*CICA)

#### Procedure

1. Board members must represent loyalty without conflict to the interests of the Institute. This accountability supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other boards or staffs. This accountability supersedes the personal interest of any Board member acting as an individual consumer of the organizations' services.
2. Board members must avoid any conflict of interest with respect to the fiduciary responsibility.
  - a) There must be no self-dealing or any conduct of private business or personal services between any Board member and the organization except as procedurally controlled to assure openness, competitive opportunity and equal access to "inside" information.
  - b) Board members must not use their position to obtain employment in the organization for themselves, family members or close associates.
  - c) A public Board member being considered for employment should temporarily withdraw from the Board deliberation, voting and access to applicable Board information.
  - d) Public Board members shall not retain the Board membership if they are employed by the Institute.
3. Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.
  - a) Board members' interaction with the Executive Director or with staff must recognize the lack of authority in any individual Board member or group of Board members except as noted in policy.
  - b) Board members' interaction with the public, media or other entities must recognize the same limitation and the similar inability of any Board member or Board members to speak for the Board.

- c) Board members will respect the confidentiality appropriate to issues of a sensitive nature.
  - d) Board members will make no judgments of the Executive Director or staff performance except as the performance is assessed against explicit Board policies by the official process.
  - e) Board members must observe any statutory or regulatory requirements concerning their responsibility for control, as well as their personal legal liability and any fiduciary responsibilities they may have in addition to the responsibilities for control. (\* CICA)
4. If a Board member is perceived to have violated the Code of Conduct, the Board Chair is authorized to pursue resolution.
- a) The Chair of the Board will address perceived violations of the Board's Code of Conduct by first discussing the violation with the Board Member to reach resolution. If resolution is not achieved and further action is deemed necessary, the Chair may appoint an Ad hoc committee to examine the matter and recommend further courses of action to the Board.
  - b) The Executive Director and the Board Chair are authorized to consult with legal counsel when they become aware of or are informed about alleged violation of pertinent laws and regulations, including but not limited to conflict of interest, confidentiality of closed session information and use of public resources.
  - c) If the Chair of the Board is perceived to have violated the Code of Conduct, the Vice-Chair of the Board is authorized to pursue resolution.

## 4.0 Roles of the Officers of the Board

### 4.1 The Role of the Chair

#### Purpose

The role the Chair plays in leadership of the Institute and communication with internal and external stakeholders is critical to the success of the Institute and therefore, needs to be clearly defined and approved by the Board.

#### Policy

The Chair must have a commitment to the work of the Olds Institute and have knowledge of Board governance and skills in one or more areas of finance, programs, and/or personnel. It is the role of the Chair to ensure that the Board fulfills its most important responsibility, the establishment and monitoring of the Institute's Values, Vision, Mission and Outcomes.

#### Procedure

1. The Chair is designated to work with the Executive Director. Together, they will ensure that regular ongoing communication occurs between the two parties.
2. The Chair is the only Director authorized to speak for the Board.
3. The Chair will ensure that the Board behaves in a manner consistent with its own rules and those legitimately imposed upon it from outside the Institute.
4. Meeting content will be restricted to those issues which, according to Board policy, clearly belong to the Board.
5. All Directors will be encouraged to participate in discussion and consensus building.
6. Foster a positive working relationship among directors, volunteers and staff.
7. The Chair is authorized to use any reasonable interpretation of the provisions in these policies.
8. The Chair is empowered to chair Board meetings.
9. The Chair has no authority to make decisions about policies created by the Board within Ends and Executive Limitations policy areas.
10. The Chair shall represent the Board to outside parties.
11. The Chair is to ensure that the Vice-Chair is informed.
12. The Chair will utilize as appropriate through some specialization of individual roles, each Director's strengths, and special talents.
13. On occasion a Director may be invited by the Chair to attend a meeting(s) of a committee of the Board as an observer, or to provide specific information.
14. The Chair will meet individually with Directors at least once a year to include but not be limited to gathering individual input.
  - a) for committee assignments [refer to Policy 5.2];
  - b) for Board performance improvement [refer to Policy 9]; and
  - c) for maximizing utilization of each Directors' strengths and special talents.

## **4.2 The Role of the Vice-Chair**

### Purpose

The Vice-Chair of the Institute has responsibilities beyond presiding at meetings in the Chairs absence, and these need to be clearly documented in policy.

### Policy

The Vice-Chair must have a commitment and passion for the Institute and a willingness to share in the executive decision making requirements during the year, and have completed one year of service on the Board.

### Procedure

Roles of the Vice-Chair include:

1. Presiding at meetings in the Chair's absence.
2. Replacing the Chair at various functions when asked to do so by the Chair or the Board.
3. Orientation of new Directors appointed to the Board.
4. Being a member of the Executive Committee.
5. Carrying out other duties assigned by the Board.

## **4.3 The Role of the Secretary Treasurer**

### Purpose

As an Officer of the Board in a position of trust, the roles and responsibilities of the Secretary Treasurer need to be clearly documented in policy.

### Policy

The Board delegates to the Secretary Treasurer a number of duties related to the maintenance of accurate records of proceedings and financial transactions as defined in this policy.

### Procedure

The Secretary Treasurer will ensure:

1. Correspondence of the Institute is dealt with;
2. Accurate minutes are kept of all meetings of the Institute;
3. An electronic record of names and addresses of all Directors of the Institute is kept;
4. The annual return is filed with changes in the Directors of the Corporation, amendments to the Bylaws and other incorporating documents with Corporate registry;

5. All accounts and financial records of the Institute are maintained and accessible to Directors;
6. A financial report is provided at all Board meetings;
7. All expenses are paid for operating and managing the Institute;
8. The Secretary Treasurer is a voting member of the Finance committee; and
9. File the necessary income tax and regulatory forms required of the Society each year.

## 5.0 Committee Structure

### Purpose

To have consistency with clear lines of communication and accountability on the function of Olds Institute Committees.

### Policy

There are two major groups of committees under the operational umbrella of the Olds Institute Board, Pillar Committees and Board Committees. These are differentiated from Administrative Committees that may be established as desired by the Executive Director.

### 5.1. Pillar Committees

Membership of the Pillar Committees will be volunteers from the general public. Each committee is responsible for reviewing its mandate, mission and goals, all of which must align with those of the Olds Institute. Their authority is limited to that which has been designated by the Olds Institute Board.

1. Pillar Committees: seven committees identified to be the forum for discussion and action for a specific area of Community Development.
  - a) Business and Investment Attraction
  - b) Business Retention and Expansion
  - c) Community Lifestyles
  - d) Finance
  - e) Marketing and Communications
  - f) Opportunity Identification
  - g) Technology
2. Sub-Committees: Sub-Committees of a Pillar Committee with a focus on a particular project or on-going responsibility.
3. Each Pillar Committee and Sub-Committee shall have a Terms of Reference which will include the following:
  - a) A stated purpose of vision that aligns with the Ends policy of the Institute.
  - b) Objectives.
  - c) A structure and process for selection of committee membership.
  - d) A process for development of an annual budget and submission of the revenue and expenses.
  - e) A process for the development of timelines and work plan.
  - f) Established lines of communication and accountability to the Board of the Olds Institute.
  - g) Established lines of communication with other Pillar Committees.
  - h) An Evaluation Process.

## 5.2. Board Committees

Board Committees may be formed to assist the Board in fulfilling its responsibilities. The Board shall provide each Board Committee with Terms of Reference; so as not to interfere with the wholeness of the Board and its Executive Directors' authority.

A Board Committee can be identified as a:

- a. Standing Committee – studies problems within an assigned area and provides specialized assistance and advice to the Board of Directors on a continuing basis. A Standing Committee has extensive authority and responsibility to accomplish its work. The Board usually takes all advice and recommendations from a Standing Committee.
- b. Ad hoc Committee – an Ad hoc Committee is formed to handle a specific situation or issue that does not fall within the assigned function of an existing standing committee. It is dissolved when the job is completed. The Board is under no obligation to take the advice or act on the recommendations of an Ad hoc committee.
- c. Advisory Committee – this type of committee will be formed occasionally to advise the Board on any issues the Board requests. The Board is under no obligation to take the advice or act on the recommendations of an advisory committee.

### Role of Board Committees

- a. Board committees will assist the Board by preparing policy alternatives and presenting implications for Board deliberation.
- b. Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.
- c. Board committees cannot exercise authority over staff.

Upon the request of the Executive Director, the Board may also make appointments to Administrative Committees, which report through the Executive Director. In the case where a committee, formed under the authority of the Executive Director, that has Board representation, the individual Board Director shall act in a non-voting advisory capacity.

### Procedure

1. Directors are assigned to Board Committees by the Board Chair based upon the following: one-on-one meetings with individual Board Directors, learning something about each individual's areas of expertise and interest, as well as preferences for committee membership.
2. The Board Chair in conjunction with the Executive Director will recommend Directors to Board Committees.
3. At the September Board Meeting, the Board will review and approve the proposed Board Committee assignments.

The Board Chair will assign Board members to committees to fill vacancies and may re-assign Board members as required with Board approval.

## 6.0 Board Recruitment

### Purpose

The Board's effectiveness begins with the diversity of skills and personal commitment of its Directors. To ensure the continued effectiveness of the Board it is essential that OIRCD has a proactive recruitment process. Effective recruitment is part of a continuous effort to inform and listen to the community.

### Policy

The Board recognizes four Essential members, who each appoint one Essential Director and eight Public Directors appointed by the Board. The role of the Board is to be pro-active in:

- a. Identifying the human contribution capabilities needed by the Board, to fulfill its Mandate, Values, Vision, Mission and Outcomes.
- b. Developing and operating a process to encourage those who may have some of these capabilities to learn more about the Institute and to consider applying for appointment.
- c. Advocating for the preferred applicant.

The Board of Directors utilizes a competency-based process, enacted by its Recruitment Committee, for selecting new public Directors to ensure the Board as a whole:

- a. Exhibits a background of sufficient relationships and political influence.
- b. Has experience in Board governance.
- c. Possesses balanced knowledge of the business, social, and cultural realities of the Community.
- d. Works as an effective team demonstrating a results-based philosophy.

### Procedure

The work of the Board Recruitment Committee will include:

1. Consultation with:
  - a) Essential Directors,
  - b) The existing Board of Directors
  - c) Associate Directors
  - d) Active partners of the Institute.
2. Advertising the position including identified criteria in the local media and the Institute's webpage.
3. Generate a short list of potential candidates based on identified criteria.
4. If deemed appropriate, the Recruitment Committee may request the Board Chair send a personal letter of invitation to a potential candidate.

5. The Recruitment Committee may meet with potential candidates to assess suitability.
6. The Recruitment Committee will recommend a candidate(s) to the Board for consideration.

The Board will appoint the new Public Director through a Motion passed at a Board meeting.

## 7.0 Board Orientation

### Purpose

To give details on the process used to provide new Directors with important information about OIRCD and about the Board roles and responsibilities so they can become an integral part of the Board as soon as possible.

### Policy

1. Each new Board Director will receive an orientation to ensure an understanding of:
  - a) The Board's Roles and Responsibilities
    - Policy Development
    - Monitoring Performance
    - External Relationships
  - b) The Institute's Mandate
  - c) Policy Governance Model
    - Ends
    - Executive Limitations
    - Board Staff Relationships
    - Governance Process
  - d) The Institute's Bylaws
2. Ensure that a new Director becomes familiar with the structure of the Institute as it pertains to:
  - a) Committees
  - b) Administrative support
3. Provide an opportunity for new Directors to present themselves and their interests, what they hope to offer the Board, and what they hope to gain as a Director.

### Procedure

1. A media release will be prepared by the Administrative Assistant/Marketing Committee and posted on the Institute's website reflecting new Board appointments. This media release will also be sent to the local media.
2. The Board Chair will meet with the new Director within a month of their appointment and ensure that person is provided with an OICRD Manual that contains:
  - a) A brief history of OIRCD
  - b) A list of other Directors and their contact information
  - c) Information on the staff and structure of OIRCD
  - d) Bylaws
  - e) Value Statements
  - f) Vision Statement
  - g) Mission Statement

- h) Outcome Statements
  - i) All Policy and Procedures that state how the Board governs itself and the Institute
  - j) Terms of References for all Committees
  - k) Copy of the most recent audited report
  - l) Copies of recent Board meeting minutes
3. The Board Vice-Chair assumes responsibility for orientation. The Board Vice-Chair will schedule a meeting with new Essential or Public Directors within 60 days of their appointment to ensure these directors have an understanding of:
- a) Duties and Responsibilities of a Director
  - b) Policy Governance Model approved by the Board, and
  - c) The Institute's structure

## 8.0 Board Indemnification Policy

### Purpose

To guard the Directors of the Institute against potential loss, damage, or liabilities which may be incurred by the Board's actions.

### Policy

The Board of Directors will indemnify and hold harmless all Directors from the consequences of any approved, legal activity performed on behalf of the Board for the benefit of Directors.

Pursuant to the Societies Act of Alberta, a Director shall be indemnified against judgments, penalties (including excise and similar taxes), fines settlements and reasonable expenses actually incurred by a Director in connection with the proceeding because such a person was, is or is threatened to be made defendant or respondent in a proceeding because a person is or was a Director.

### Procedure

In order to be indemnified, Directors must have;

1. Conducted his/herself in good faith;
2. Reasonably believed:
  - a) in the case of conduct in his/her official capacity as a Director of Directors that his/her conduct was in the best interest of Directors;
  - b) in all cases that his/her conduct was at least not opposed to the best interest of Directors;
  - c) In the case of any criminal proceeding, has no reasonable cause to believe his/her conduct was unlawful; and
3. This indemnification does not apply to actions taken by Directors who have resigned and their resignation is effective. Nor will it extend to Directors who have been suspended;
4. All Members of the Board are required to act in accordance with Policy 3 – Board of Directors Code of Conduct.

## **9.0 Board Performance Review and Goal Setting**

### Purpose

The Board evaluation process is designed to provide Directors with an opportunity to examine Board effectiveness and make suggestions for improvement.

### Policy

The Board will do an annual review of its performance which is professional and constructive in nature, and conducted during the May to June timeframe of each year.

### Procedure

1. Annually, an independent facilitator, recommended by the Executive Committee, will lead the board in a retreat to provide a professional and constructive review and goal setting opportunity.
2. This review will occur in the month of May or June and WILL NOT be a part of a regular Board meeting.
3. Prior to this retreat, the Chair will conduct one-on-one meetings with the individual Directors to gather thoughts and opinions to provide a starting point for retreat discussion.

## **10.0 Evaluation of Institute Outcomes**

### Purpose

A major responsibility of a governance Board is to evaluate performance.

### Policy

Institute evaluation is achieved through the assurance of executive performance in accordance with No. 2 Policy Type: Board-Staff Relationship and No. 3 Policy Type: Executive Limitations. In the absence of an Executive Director, the Board will use these tools to self evaluate the Institute's performance.

### Procedure

1. Institute evaluation is based upon the measurement of Outcomes, which are enclosed in the framework of the Values, Vision, Mission and Outcomes of the Olds Institute and are housed in the Olds Institute Policy Governance Manual.
2. The Board identifies key performance indicators for each Outcome.
3. Annually, the Institute Evaluation Committee of the Board will complete its review of the key performance indicators associated with each outcome and report its recommendations to the March Board Meeting. [Cross reference to Policy 12 Annual Planning Cycle.]
4. The Executive Director, in concert with the Executive of the Institute undertakes the identification and provision of appropriate Measures for the key performance indicators.
5. A yearly Institutional evaluation scorecard, a system of weighing Outcomes, Indicators and Measures provides for the comparison of current year's Outcomes Monitoring Report data against the established benchmark year.

## **11.0 Policy and Bylaw Review**

### Purpose

To be effective and meaningful to the Board of Directors, the Governance Policy and Bylaws need to be reviewed and modified as necessary by the Board of Directors on an annual basis.

### Policy

The Policy Review process is commenced in March of each year, for completion by the June Board meeting.

### Procedure

The process unfolds, as follows:

1. Annually, the Executive Committee of the Board will complete its review of the 'Ends' policies and will report its recommendations to the March meeting of the Board. [Cross reference Policy 12 Annual Planning Cycle.]
2. A major Ends policies workshop of the whole Board will be held in February of every Leap Year. [Cross reference Policy 12 Annual Planning Cycle.]
3. Three policy and bylaw review committees of the Board are created by the Board Chair and the Executive Director. One Board Director will serve as the team leader for each group.
4. At the February Board meeting, the Administrative Assistant will identify policies, applicable appendices and bylaws to be reviewed by the three committees.
5. Recommended bylaws changes are tabled to the Board's March meeting, in the form of notices of motion, to be put forward at the Board's Annual meeting for approval.
6. Recommended new policies and policy amendments are tabled to the Board's May meeting, in the form of notices of motion, to be put forward at the Board's June meeting for approval.
7. Following approval of all new and amended policies, the Administrative Assistant will compile the revised pages of the Policy and Bylaws for distribution to Directors at the Board's September meeting.

## 12.0 Annual Planning Cycle

### Purpose

To amalgamate all policy statements that pertains to the Olds Institute for Community & Regional Development annual planning into one statement.

### Policy

The Annual Planning Cycle is an ongoing document that reflects the action items required to be completed to fulfill the roles and responsibilities and functions of the Board, the officers of the Board, Board Committees and the Executive Director.

### Procedure

#### *February*

- Insurance Policy
- Ends Policy workshop (every leap year)
- The Administrative Assistant will identify policies, applicable appendices and bylaws to be reviewed by the three committees

#### *March*

- Policy (March – June)
- Annually, the Institute Evaluation Committee of the Board will complete its review of the key performance indicators associated with each outcome and report its recommendations to the March Board Meeting
- Recommended bylaws changes are tabled to the Board's March meeting, in the form of notices of motion, to be put forward at the Board's Annual meeting for approval
- Annually, the Executive Committee of the Board will complete its review of the 'Ends' policies and will report its recommendations to the March meeting of the Board

#### *April*

- Policy changes

#### *May*

- Board performance Review (May or June). This is not a regular board meeting.
- Annually, an independent facilitator, recommended by the Executive Committee, will lead the board in a retreat to provide a professional and constructive review and goal setting opportunity
- This review will occur in the month of May or June and WILL NOT be a part of a regular board meeting
- Prior to this retreat, the chair will conduct one-on-one meetings with the individual directors to gather thoughts and opinions to provide a starting point for retreat discussion

- Recommended new policies and policy amendments are tabled to the Board's May meeting, in the form of notices of motion, to be put forward at the Board's June meeting for approval

#### *June*

- Policy changes - approval

#### *August*

- Start the budget process

#### *September*

- Review Board Committee assignments
- Following approval of all new and amended policies, the Administrative Assistant will compile the revised pages of the policy and bylaws for distribution to Directors at the Board's September meeting

#### *Ongoing*

- Media Release on new board appointments for website and newspaper
- The Chair will meet individually with Directors at least once a year to include but not be limited to gather individual input
- Vice-Chair: Orientation of new Directors appointed to the Board
- The Board Chair will meet with the new Director within a month of their appointment and ensure that person is provided with an OICRD Manual that contains:
  - A brief history of OIRCD
  - A list of other Directors and their contact information.
  - Information on the staff and structure of OIRCD
  - Bylaws
  - Value Statements
  - Vision Statement
  - Mission Statement
  - Outcome Statements
  - All Policy and Procedures that state how the Board governs itself and the Institute
  - Terms of References for all Committees
  - Copy of the most recent audited report
  - Copies of recent Board meeting minutes

**Appendix B            OLDS INSTITUTE COMMITTEE STRUCTURE  
2009/2010**

**A. Pillar Committees**

<b>Committee</b>	<b>Frequency of Meetings</b>	<b>Chairmanship</b>	<b>Board Membership</b>
Business and Investment Attraction	At the call of the Committee Chair	Appointed by Committee	One Director, one alternate
Business Retention & Expansion	At the call of the Committee Chair	Delegated by Olds Chamber of Commerce	
Community Lifestyles	At the call of the Committee Chair	Appointed by Committee	One Director, one alternate
Finance	At the call of the Committee Chair	Appointed by Committee	One Director, one alternate
Marketing	Monthly	Appointed by Committee	One Director, one alternate
Opportunity Identification	At the call of Committee Chair	Appointed by Committee	One Director, one alternate
Technology	Bi-Monthly	Appointed by Committee	One Director, one alternate

**B. Project Committees/Sub-Committees**

<b>Committee</b>	<b>Frequency of Meetings</b>	<b>Chairmanship</b>	<b>Board Membership Non Voting</b>
Community Facilities	As required	Appointed by Committee	One Director, one Alternate
South Central Rural Alliance	As required		Chairman of Technology, or designate
Uptowne Olds	Monthly	Appointed by Committee	2 Directors, one Alternate
Olds Advisory Group for Sustainable Living	Monthly	Appointed by Committee	
Olds Physician Recruitment & Retention	Monthly	Appointed by Committee	
Olds Connected Community Network	As required	Appointed by Committee	

### C. Standing Committees

<b>Committee</b>	<b>Frequency of Meetings</b>	<b>Chairmanship</b>	<b>Board Membership</b>
Board Executive Committee	As required at call of Committee member	OI Board Chair	Chair, Vice-Chair, Secretary Treasurer & Executive Director
Institutional Evaluation	At the call of the Committee Chair	Appointed by Board Chair	3 Directors & Executive Director
Board Performance and Orientation	As required	Board Vice-Chair	Vice-Chair, 2 Directors & Executive Director

### D. Ad Hoc Committees

<b>Committees and Organizations</b>	<b>Frequency of Meetings</b>	<b>Chairmanship</b>	<b>Board Membership</b>
Policy Review	As required	Designated by Board Chair	Four Directors per committee
Recruitment	At the call of Committee Chair	Appointed by OI Board Chair	2 Directors, Chair & Executive Director

## Appendix C      LEGAL RESPONSIBILITIES OF THE BOARD

- 1 The Board cannot confer on a committee of Directors or on an Executive Director any higher power than it has itself.
- 2 Any member who is present at a meeting of Directors or committee of Directors is deemed to have consented to the resolutions passed or actions taken unless the Member dissents and requests the dissent to be entered into the minutes or sends the written dissent to the Secretary immediately after the meeting. Any Directors absent from the meeting must follow the same procedures within seven days after becoming aware of the resolution; otherwise the Director is deemed to have consented. Expressing dissent does not absolve a Member from any liability for Board action if the Member chooses to remain on the Board after dissenting.
- 3 Directors have the responsibility to state their position, including that of dissent, clearly at Board meetings. Directors also have the right to dissent by way of a vote. This dissent by way of Board minutes is a matter of public record. However it is not considered part of accepted practice to disagree with Board decisions in public and to do so would be perceived as an act of bad faith by the Director.
- 4 Any Director who fails to make it clear to a third party that the Director is acting on the Director's own behalf becomes liable in principle. A Director must act strictly within the actual authority identified by the Board. Directors who participate in transactions or decisions that are not authorized by an incorporation statute article of By-law of The Institute are liable.
- 5 Directors must not exercise individual authority over the Society except as set forth in Board policies. In this matter Directors must recognize they cannot speak for the Board when dealing with the public, press or other entities, unless they are specifically authorized to do so by the Board.
- 6 If a case is established that The Institute had the intent to commit illegal acts, the Directors of the Board may also be charged with the offence.
- 7 It is the duty of all Directors of the Board to know and understand their legal responsibilities. It is particularly important that they know and understand the legal terms and the implications of those legal terms as set out in the following.

**7.1 Fiduciary duty** - Means to hold in trust the duties, which are the responsibilities and commitments Directors have to The Institute.

**7.2 The Standard Test of Care** – the standard test of care is what a “reasonably prudent person” would take under the same circumstances. The Directors must act honestly, exercise some degree of skill and diligence and ensure that he or she has the authority to act in compliance with the Society's Objectives and by-laws. A professional as a Director faces greater risk of liability than other Directors who lack specific expertise; however the professional is not required to attain a higher level of performance. A Director who acts honestly and who has met the standards of conduct required by the fiduciary duty and standard of care is not responsible for errors of judgment that occur while performing his or her duties.

**7.3 Duty of Diligence** – The duty of diligence means that a Director must become acquainted with all the aspects of the Society including the transaction of business, Society policies, and the delegation of tasks. It is prudent for a Director to attend whatever Board meetings possible. Not attending may be interpreted as a failure to exercise the proper degree of diligence.

While Directors are responsible for the effective management of the Society, it is within their rights to delegate some of the responsibility. The extent and nature of delegations rests on the test of what a ‘prudent person’ would do in similar circumstances. Personal liability may result if delegated activities are inadequately supervised.

When Directors do not have the expertise for certain aspects of management they often rely on the services of experts (for example accountants and lawyers) who are not officers or Directors of the Society. In this case it is the duty of the Directors to ensure that the qualifications of the experts are appropriate and the expectations and results of the work to be done are clearly stated.

**7.4 Duty of Attendance** (also part of duty of Diligence – see above) - While a Director is not legally bound to attend Board Meetings he or she does have a duty to stay informed of all events that transpire at meetings. If a Director attends a meeting where an illegal act is planned, that Director is liable unless he or she immediately registers dissent. Liability can also occur if the Director does not properly notify the Directors and other interested parties about the illegal act. On the other hand, a Director may not be liable if he or she has no knowledge about it and had fulfilled the other duties required. Illegal acts committed by the Director prior to a Director’s election are not sources of liability. If a Director does not attend meeting because of long term illness, he or she should consider relinquishing office if unable to fulfill his or her necessary duties. This will ensure that the Director is not held liable for not attending. Because all Directors are obliged to ensure the effective management of the Society, a Director who is not adequately fulfilling his or her role may be removed from office in accordance with the By-laws of the Society.

**7.5 Investment Powers** – A Director of an incorporated non-profit Institute faces great potential liability for the investment of the corporate funds. All non-profit Institutes maintain the power of investment (except Ontario) The Director must consider whether the other Directors possess expertise to invest funds without outside consultation. However, certain investment responsibilities should never be delegated. These include establishing corporate policy, appointing financial officers, enacting by-laws concerning corporate affairs. Reviewing financial reports at frequent intervals and establishing the details of employment for employees.

**7.6 Duty of Skill** – In most jurisdictions, the law does not specify what level of skill is required of a Director of an incorporated non-profit Institute. A Director is under no obligation to exercise skills that are beyond his or her level of competence and Directors are not liable for errors of business judgment. The level of skill required of each will vary, according to individual qualifications and experience as well as the range of Institutional demands placed upon that Member.

However, if a Director does possess specific expertise, he or she is required to use it in the interest of the Institute's affairs.

**7.7 Duty of Prudence** - A prudent person exercises sound and practical judgment and is cautious and discreet in conduct. Therefore, a Director must act in a manner that is both practical and cautious with a view of anticipating the probable consequences of any course of action that the Institute might take. The level of knowledge a Director has is not relevant to his or her duty of prudence. Prudence must be exercised with practicality in mind not expertise.

**7.8 Continuing Duty** - A Director cannot necessarily avoid liability through resigning his or her office. A Director is responsible for act already done or neglected while he or she was in office. Further, the Director may remain bound by continuing duty to the corporation, which will vary in length of time according to the circumstances. In some situations resignation by a Director with the intent to avoid liability could be a breach of duty itself. Resignation in such circumstances may violate the duties of care, diligence, prudence, loyalty, and the best interest of the Society. Even if the Society dissolves, liability continues during the winding-up process.