

PASTEL ARTISTS.CA

BY-LAW NO. 1

**In accordance with Canada Not-for-profit Corporations Act S.C. 2009,
c.23**

SECTION 1 - GENERAL

1.01 Definitions

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

"Act" means the Canada Not-for-profit Corporations Act S.C. 2009, c.23 including the Regulations made pursuant to the Act, and any statute or regulations that may be substituted, as amended from time to time;

"articles" means the original or restated articles of incorporation or articles of amendment, amalgamation, continuance, reorganization, arrangement or revival of the Corporation;

"board" means the board of directors of the Corporation and "director" means a member of the board;

"by-law" means this by-law and any other by-laws of the Corporation as amended and which are, from time to time, in force and effect;

"meeting of members" includes an annual meeting of members or a special meeting of members;

"special meeting of members" includes a meeting of any class or classes of members and a special meeting of all members entitled to vote at an annual meeting of members;

"ordinary resolution" means a resolution passed by a majority of not less than 50% plus 1 of the votes cast on that resolution;

"proposal" means a proposal submitted by a member of the Corporation that meets the requirements of section 163 (Shareholder Proposals) of the Act;

"Regulations" means the regulations made under the Act, as amended, restated or in effect from time to time; and

"special resolution" means a resolution passed by a majority of not less than two-thirds (2/3) of the votes cast on that resolution.

1.02 Interpretation

In the interpretation of this by-law, words in the singular include the plural and vice-versa, words in one gender include all genders, and "person" includes an individual, body corporate, partnership, trust and unincorporated organization.

Other than as specified in 1.01 above, words and expressions defined in the Act have the same meanings when used in these by-laws.

1.03 Execution of Documents

Deeds, transfers, assignments, contracts, obligations and other instruments in writing requiring execution by the Corporation may be signed by any two (2) of its officers or directors. In addition, the board may from time to time direct the manner in which and the person or persons by whom a particular document or type of document shall be executed. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the Corporation to be a true copy thereof.

1.04 Financial Year End

The financial year end of the Corporation shall be determined by the board of directors.

1.05 Banking Arrangements

The banking business of the Corporation shall be transacted at such bank, trust company or other firm or corporation carrying on a banking business in Canada or elsewhere as the board of directors may designate, appoint or authorize from time to time by resolution. The banking business or any part of it shall be transacted by an officer or officers of the Corporation and/or other persons as the board of directors may by resolution from time to time designate, direct or authorize.

1.06 Annual Financial Statements

The Corporation may, instead of sending copies of the annual financial statements and other documents referred to in subsection 172(1) (Annual Financial Statements) of the Act to the members, publish a notice to its members stating that the annual financial statements and documents provided in subsection 172(1) are available at the registered office of the Corporation and any member may, on request, obtain a copy free of charge at the registered office or by prepaid mail.

1.07 Books and Records

The directors shall see that all necessary books and records of the corporation required by the by-laws of the corporation or by any applicable statute or law are regularly and properly kept. A member, a member's personal representative, and any creditor of a corporation may examine and take extracts from these records, with the exception of the register of members.

SECTION 2 - MEMBERS

2.01 Conditions of Membership

a) Subject to the articles, there shall be one class of members in the Corporation. Membership in the Corporation shall be available only to individuals interested in furthering the Corporation's purposes and who have applied for and been accepted into membership in the Corporation by resolution of the board or in such other manner as may be determined by the board.

b) The board may, at its sole discretion, deny membership to any applicant whose potential membership is judged by the board to be not in the best interests of the Corporation. Such judgment should be based on facts regarding the applicant's past behavior, but it is not incumbent on the board to provide the rejected applicant with an explanation of the reasons for its decision.

c) All members shall pay the annual membership fee, as set by the board of directors from time to time. Failure to pay such annual membership fee by March 31 of the current year may, at the discretion of the board of directors, result in loss of membership status.

d) Any member may withdraw from the corporation by delivering to the corporation a written resignation and lodging a copy of the same with the secretary of the corporation.

2.02 Discipline of Members

a) The board shall have authority to suspend or expel any member from the Corporation for any one or more of the following grounds:

(i) violating any provision of the articles, by-laws, or written policies of the Corporation;

(ii) carrying out any conduct which may be detrimental to the Corporation as determined by the board in its sole discretion;

(iii) for any other reason that the board in its sole and absolute discretion considers to be reasonable, having regard to the purpose of the Corporation.

In the event that the board determines that a member should be expelled or suspended from membership in the Corporation, the president, or such other officer as may be designated by the board, shall provide twenty (20) days notice of suspension or expulsion to the member and shall provide reasons for the proposed suspension or expulsion. The member may make written submissions to the president, or such other officer as may be designated by the board, in response to the notice received within such twenty (20) day period. In the event that no written submissions are received by the president, the president, or such other officer as may be designated by the board,

may proceed to notify the member that the member is suspended or expelled from membership in the Corporation. If written submissions are received in accordance with this section, the board will consider such submissions in arriving at a final decision and shall notify the member concerning such final decision within a further twenty (20) days from the date of receipt of the submissions. The board's decision shall be final and binding on the member, without any further right of appeal.

2.03 Members' Meetings

a) The annual or any other general meeting of the members shall be held at the head office of the corporation or at any place in Canada as the board of directors may determine and on such day as the said directors shall appoint. Annual meetings must be held no later than 15 months from the last preceding annual meeting and in any event not later than 6 months after its preceding financial year end

b) Any person entitled to attend a meeting of members may attend the meeting by using a telephonic, electronic or other communication facility. The communications system used must permit all participants to communicate adequately with each other during the meeting. The directors may decide that the meeting should be held entirely by using a telephonic, electronic or other communication facility.

c) Written resolutions in lieu of a meeting are allowed.

d) The members may, at each annual meeting, appoint an auditor to audit the accounts and annual financial statements of the corporation for report to the members at the next annual meeting. The auditor shall hold office until the next annual meeting provided that the directors may fill any casual vacancy in the office of the auditor. The remuneration of the auditor shall be fixed by the board of directors. However, the members may by unanimous vote, decide not to appoint a public accountant.

e) At every annual meeting, in addition to any other business that may be transacted, the report of the directors, the financial statement and the report of the auditors (if auditors were appointed at the previous annual meeting) shall be presented and auditors may be appointed for the ensuing year. The members may consider and transact any business either special or general at any meeting of the members. The board of directors or the president or vice-president shall have power to call, at any time, a general meeting of the members of the corporation to consider special business. The board of directors shall call a special general meeting of members on written requisition of members carrying not less than 5% of the voting rights. 5% of members present in person at a meeting will constitute a quorum.

f) Twenty one (21) days' notice shall be given to each voting member of any annual or special general meeting of members. Such notice shall be by telephonic, electronic or other communication facility. Notice of any meeting where special business will be transacted shall contain sufficient information to permit the member to form a

reasoned judgment on the decision to be taken. Notice of each meeting of members must remind the members of the right to vote by proxy.

g) Each voting member present at a meeting shall have the right to exercise one vote. A member may, by means of a written proxy, appoint a proxyholder to attend and act at a specific meeting of members, in the manner and to the extent authorized by the proxy. A proxyholder must be a member of the corporation.

h) A majority of the votes cast by the members present and carrying voting rights shall determine the questions in meetings except where the vote or consent of a greater number of members is required by the *Act* or these By-laws.

i) No error or omission in giving notice of any annual or general meeting or any adjourned meeting, whether annual or general, of the members of the corporation shall invalidate such meeting or make void any proceedings taken thereat and any member may at any time waive notice of any such meeting and may ratify, approve and confirm any or all proceedings taken or had thereat. For purpose of sending notice to any member, director or officer for any meeting or otherwise, the address of the member, director or officer shall be that person's last address recorded on the books of the corporation.

j) Generally, the directors are responsible for setting the agenda of members meetings. However, members have a right to add items to the agenda by submitting a notice – known as a “proposal” – to the corporation 90 to 150 days before the anniversary of the previous annual meeting of members. In this regard, any member entitled to vote at an annual meeting of members may submit a proposal to the corporation about any matter that the member wishes to raise at the meeting.⁴ This includes the right of a voting member to submit a proposal to make, amend or repeal by-laws.

k) If a proposal includes nominations for the election of directors, the proposal must be signed by at least 5% of the members entitled to vote at the annual meeting.

l). The corporation shall keep a written record of each meeting of members and any committee of members. This written record is referred to as the “minutes” of the meeting. The minutes of meetings shall be kept in the corporation's minute book. Minutes of meetings shall include a record of where and when the meeting was held, who attended; and the results of any voting in the form of resolutions. In addition, the corporation shall keep any resolutions of members and of any committee of members in the corporation's minute book.

SECTION 3 - DIRECTORS

3.01 Board of Directors

a) The property and business of the corporation shall be managed by a board of directors, comprised of a minimum of three and a maximum of five directors. The number of directors shall be determined from time to time by a majority of the directors at a meeting of the board of directors and sanctioned by an affirmative vote of the members at a meeting duly called for the purpose of determining the number of directors to be elected to the board of directors. Directors must be individuals, 18 years of age, with power under law to contract. Directors need not be members.

b) Directors shall be elected for a minimum term of one year and maximum term of four years by the members at an annual meeting of members. A director whose term has expired can be re-elected as a director.

c) In the event that a vacancy occurs on the board of directors, the vacancy on the board may be filled by the directors, as long as there is a quorum on the board to participate in filling the vacancy, such director to serve until the date of the next meeting of members.

d) The directors shall serve as such without remuneration and no director shall directly or indirectly receive any profit from the director's position as such; provided that a director may be paid reasonable expenses incurred by the director in the performance of that director's duties. Nothing herein contained shall be construed to preclude any director from serving the corporation as an officer or in any other capacity and receiving compensation therefor.

3.02 Powers of Directors

a) The directors of the corporation may administer the affairs of the corporation in all things and make or cause to be made for the corporation, in its name, any kind of contract which the corporation may lawfully enter into and, save as hereinafter provided, generally, may exercise all such other powers and do all such other acts and things as the corporation is by its charter or otherwise authorized to exercise and do.

b) The directors shall have power to authorize expenditures on behalf of the corporation from time to time and may delegate by resolution to an officer or officers of the corporation the right to employ and pay salaries to employees. The directors shall have the power to enter into a trust arrangement with a trust company for the purpose of creating a trust fund in which the capital and interest may be made available for the benefit of promoting the interest of the corporation in accordance with such terms as the board of directors may prescribe.

c) The board of directors shall take such steps as they may deem requisite to enable the corporation to acquire, accept, solicit or receive legacies, gifts, grants,

settlements, bequests, endowments and donations of any kind whatsoever for the purpose of furthering the objects of the corporation.

d) The board of directors may appoint such agents and engage such employees as it shall deem necessary from time to time and such persons shall have such authority and shall perform such duties as shall be prescribed by the board of directors at the time of such appointment.

e) The board may from time to time appoint any committee or other advisory body, as it deems necessary or appropriate for such purposes and, subject to the Act, with such powers as the board shall see fit. Any such committee may formulate its own rules of procedure, subject to such regulations or directions as the board may from time to time make. Any committee member may be removed by resolution of the board of directors.

f) Remuneration for all officers, agents and employees and committee members shall be fixed by the board of directors by resolution. Such resolution shall have force and effect only until the next meeting of members when such resolution shall be confirmed by resolution of the members, or in the absence of such confirmation by the members, then the remuneration to such officers, agents or employees and committee members shall cease to be payable from the date of such meeting of members.

3.03 Amendment of By-Laws

New by-laws and by-law amendments may be made by the directors, subject to later confirmation by ordinary resolution of the members. By-laws and their amendments are generally effective immediately upon board approval but cease to be effective if not confirmed by the members at their next meeting.

3.04 Rules and Regulations

The board of directors may prescribe such rules and regulations not inconsistent with these by-laws relating to the management and operation of the corporation as they deem expedient, provided that such rules and regulations shall have force and effect only until the next annual meeting of the members of the corporation when they shall be confirmed, and failing such confirmation at such annual meeting of members, shall at and from that time cease to have any force and effect

3.05 Directors' Meetings

a) Meetings of the board may be called by the chair of the board, the vice-chair of the board or any two (2) directors at any time. Notice of the time and place for the holding of a meeting of the board shall be given to every director of the Corporation not less than 7 days before the time when the meeting is to be held. Notice of a meeting shall not be necessary if all of the directors are present, and none objects to the holding

of the meeting, or if those absent have waived notice of or have otherwise signified their consent to the holding of such meeting.

b) A majority of directors in office, from time to time, but no less than two directors, shall constitute a quorum for meetings of the board of directors. Any meeting of the board of directors at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the by-laws of the corporation.

c) At all meetings of the board, every question shall be decided by a majority of the votes cast on the question. Each director is authorized to exercise one (1) vote. In case of an equality of votes, the chair of the meeting in addition to an original vote shall have a second or casting vote.

d) Directors may conduct business through signed resolutions instead of holding meetings, provided that the resolutions are signed by all directors. These signed resolutions have the same effect as they would have if they were adopted at a meeting of the board of directors. It is also possible for one or more directors to participate in a meeting by telephone or electronically, as long as all participants in the meeting can communicate fully.

3.06 Minutes of Board of Directors

The minutes of the board of directors (or the minutes of the executive committee) shall not be available to the general membership of the corporation but shall be available to the board of directors, each of whom shall receive a copy of such minutes.

SECTION 4 - OFFICERS

4.01 Officers

a) The officers of the corporation shall be a president, vice-president, secretary and treasurer and any such other officers as the board of directors may by by-law determine. Any two offices may be held by the same person.

b) Officers shall be appointed by resolution of the board of directors at the first meeting of the board of directors following an annual meeting of members. Officers are appointed by the directors to assist the directors and to carry out certain specified functions. Officers can occupy any position that the board wants them to fill, e.g. president, vice president, secretary or any other position. Not only can the board appoint any director or member to be an officer, the board can also appoint a person who is not a member or director of the corporation to be an officer.

c) The officers of the corporation shall hold office from the date of appointment until their successors are appointed in their stead. Officers shall be subject to removal by resolution of the board of directors at any time.

4.02 Duties of Officers

a) The president shall be the chief executive officer of the corporation. The president shall preside at all meetings of the corporation and of the board of directors. The president shall have the general and active management of the affairs of the corporation. The president shall see that all orders and resolutions of the board of directors are carried into effect.

b) The vice-president shall, in the absence or disability of the president, perform the duties and exercise the powers of the president and shall perform such other duties as shall from time to time be imposed upon the vice-president by the board of directors.

c) The treasurer shall have the custody of the funds and securities of the corporation and shall keep full and accurate accounts of all assets, liabilities, receipts and disbursements of the corporation in the books belonging to the corporation and shall deposit all monies, securities and other valuable effects in the name and to the credit of the corporation in such chartered bank or trust company, or, in the case of securities, in such registered dealer in securities as may be designated by the board of directors from time to time. The treasurer shall disburse the funds of the corporation as may be directed by proper authority taking proper vouchers for such disbursements, and shall render to the president and directors at the regular meeting of the board of directors, or whenever they may require it, an accounting of all the transactions and a statement of the financial position, of the corporation. The treasurer shall also perform such other duties as may from time to time be directed by the board of directors.

d) The secretary may be empowered by the board of directors, upon resolution of the board of directors, to carry out the affairs of the corporation generally under the supervision of the officers thereof and shall attend all meetings and act as clerk thereof and record all votes and minutes of all proceedings in the books to be kept for that purpose. The secretary shall give or cause to be given notice of all meetings of the members and of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or president, under whose supervision the secretary shall be.

e) The powers and duties of all other officers of the Corporation shall be such as the terms of their engagement call for or the board or president requires of them. The board may, from time to time and subject to the Act, vary, add to or limit the powers and duties of any officer.

4.03 Responsibilities and Liabilities of Directors and Officers

a) The law imposes a wide range of duties and liabilities on directors and officers because the scope of authority of the corporation's management is very broad. In general, these duties and liabilities reflect the position of trust that directors and officers hold in relation to the corporation and its members.

b) Directors and officers are required to exercise at least the level of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. They are also required to act honestly, in good faith and in the best interests of the corporation, rather than in their own personal interest.

c) Directors and officers must disclose in writing any personal interest they may have in a material contract with the corporation.

4.04 Indemnities to Directors and Others

Every director of the corporation and their heirs, executors and administrators, and estate and effects, respectively, shall from time to time and at all times, be indemnified and saved harmless out of the funds of the corporation, from and against;

a) all costs, charges and expenses which such director sustains or incurs in or about any action, suit or proceedings which is brought, commenced or prosecuted against such director, or in respect of any act, deed, matter of thing whatsoever, made, done or permitted by such director, in or about the execution of the duties of such director's office or in respect of any such liability;

b) all other costs, charges and expenses which such director sustains or incurs in or about or in relation to the affairs thereof, except such costs, charges or expenses as are occasioned by such director's own willful neglect or default.

SECTION 5 - DISPUTE RESOLUTION

5.01 Mediation and Arbitration

Disputes or controversies among members, directors, officers, committee members, or volunteers of the Corporation are as much as possible to be resolved in accordance with mediation and/or arbitration as provided in Section 5.02 of this by-law.

5.02 Dispute Resolution Mechanism

In the event that a dispute or controversy among members, directors, officers, committee members or volunteers of the Corporation arising out of or related to the

articles or by-laws, or out of any aspect of the operations of the Corporation is not resolved in private meetings between the parties, then without prejudice to or in any other way derogating from the rights of the members, directors, officers, committee members, employees or volunteers of the Corporation as set out in the articles, by-laws or the Act, and as an alternative to such person instituting a law suit or legal action, such dispute or controversy shall be settled by a process of dispute resolution as follows:

a) The dispute or controversy shall first be submitted to a panel of mediators whereby the one party appoints one mediator, the other party (or if applicable the board of the Corporation) appoints one mediator, and the two mediators so appointed jointly appoint a third mediator. The three mediators will then meet with the parties in question in an attempt to mediate a resolution between the parties.

b) The number of mediators may be reduced from three to one or two upon agreement of the parties.

c) If the parties are not successful in resolving the dispute through mediation, then the parties agree that the dispute shall be settled by arbitration before a single arbitrator, who shall not be any one of the mediators referred to above, in accordance with the provincial or territorial legislation governing domestic arbitrations in force in the province or territory where the registered office of the Corporation is situated or as otherwise agreed upon by the parties to the dispute. The parties agree that all proceedings relating to arbitration shall be kept confidential and there shall be no disclosure of any kind. The decision of the arbitrator shall be final and binding and shall not be subject to appeal on a question of fact, law or mixed fact and law.

d) All costs of the mediators appointed in accordance with this section shall be borne equally by the parties to the dispute or the controversy. All costs of the arbitrators appointed in accordance with this section shall be borne by such parties as may be determined by the arbitrators.

SECTION 6 - EFFECTIVE DATE

6.01 Effective Date

Subject to matters requiring a special resolution, this by-law shall be effective when made by the board.

CERTIFIED to be By-Law No. 1 of the Corporation, as enacted by the directors of the Corporation by resolution on the _____ day of _____, 20____ and confirmed by the members of the Corporation by special resolution on the _____ day of _____, 20____.

Dated as of the _____ day of _____, 20__.

[Indicate name of director/officer]