

MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT of "this town is small inc.", a company for which incorporation is sought by Letters Patent under the provisions of the Companies Act R.S.P.E.I. 1988, Cap. C-14, Part II, and amendments thereto, and the petition for such incorporation accompanies this Memorandum consistent with the said Act.

NAME

The name of the company is "this town is small inc."

PURPOSES AND OBJECTS

The objects and purposes of this company are as follows:

1. To operate as a public, non-profit, artist-run space;
2. To utilize artists in conjunction with exhibitions, workshops, symposia etc.;
3. To attract visiting artists;
4. To initiate and participate in shows of exchange with other galleries and organizations;
5. To document exhibitions and performances and provide public access to such documentation;
6. To actively participate in communication networks relevant to the objectives of the organization;
7. To open, maintain, and operate a bank account in the name of the company;
8. To solicit donations in the name of the company to further the company's objectives;

9. To draw, make, accept, endorse, discount, execute and issue promissory notes, cheques, bills or exchange, bills of lading, warrants and other negotiable or transferable instruments;
10. To do all such other things as are incidental or conducive to the attainment of the objects, and the exercise of the powers of the company, excepting all other powers and objects in Section 15 of the *Companies Act* not mentioned herein.

BY-LAW NO. 1

MEMBERSHIP

General:

- 1.01 Membership in the company is limited to those persons or organizations interested in furthering the objectives of the company who contribute to the support of the company an amount to be determined at the annual general meeting.
- 1.02 No formal admission to the membership shall be required and the entry in the corporate minute book by the secretary of the name, address and telephone number of any individual or organization who applies shall constitute an admission to membership in the company.
- 1.03 Membership in the company is not transferable, but shall cease upon the death or resignation of the member, or the withdrawal of membership at a general meeting by a vote of two-thirds of those present less abstentions.
- 1.04 The body that appointed a member may cancel the member's membership by giving the member written notice of its intention to do so.

Types of Membership:

- 1.05 The membership classifications of the organization shall consist of Full, Student, or Emerging and Associate members.
 - (a) Full Member -- any professional in the arts that meets the definition provided by

UNESCO. Full members are entitled to all privileges of membership.

(b) Student/Emerging Member – Any member who is enrolled in a post secondary institution studying Fine Art or Craft or who anticipates pursuing Fine Art as a professional career. Student/Emerging members may become a member at a lesser membership fee rate than that paid by a full member and are entitled to all the privileges of membership with the exception of voting.

(c) Associate Members – Any interested members of the community. Associate Members are entitled to all privileges of membership with the exception of voting.

Membership Year:

1.06 The membership year of the organization shall be from April 1st to March 31st.

Membership Dues:

1.07 The dues of Full, Student/Emerging and Associate Members shall be determined by majority vote of the Executive; such decision to stand unless and until changed by a majority vote of the Full Members at a general meeting.

1.08 A member who resigns, is suspended, changes their membership status or is expelled from the organization is not entitled to a refund of any part of dues paid.

1.09 Dues must be paid by April 31st of each year.

1.10 Should a member fail to pay annual dues or make approved arrangements for payment by June 30th all rights and privileges of membership shall be revoked.

Responsibilities of Membership:

1.11 It shall be the responsibility of the member to:

(a) support and promote the purpose, goals and objectives of the organization;

(b) pay membership dues to the organization;

(c) notify the organization of any change in contact information within thirty days of such a change;

(d) The members of the company shall not as such be held responsible for any act, default or liability whatsoever of the company, or for any engagement, claim, payment, loss, injury, transaction, matter or thing whatsoever relating to or connected with the company, beyond the unpaid amount of their respective dues in the capital stock thereof.

Rights and Privileges of Members:

1.12 All members are entitled to:

- (a) attend all general meetings of the organization;
- (b) attend all organization functions such as exhibitions, workshops, symposia etc. at the preferential rate set by the Executive;
- (c) receive copies of all notices and publications received by the organization;
- (d) receive a copy of the By-laws upon payment of membership dues;
- (e) be selected by the Executive membership to serve on the various standing and ad hoc committees for performing business of the organization.

1.13 In addition to the rights and privileges listed in by-law 1.12, full members are entitled to:

- (a) move or second motions for the consideration of the membership or nominate persons for membership to the Executive;
- (b) vote on any and all matters;
- (c) be included in a register of Full Members in good standing that is available to the public and to interested organizations;
- (d) hold any office of the company;

BY-LAW NO. 2

BOARD OF DIRECTORS

2.01 The affairs of the organization shall be administered by a board of directors and the number

of the directors shall be a minimum of three (3) members and a maximum of five (5) directors.

- 2.02 The founding members of the company shall constitute the board of directors ("Board") until the first general meeting of the company.
- 2.03 A minimum of three (3) members of the Board shall be full members of the organization.
- 2.04 A quorum of the Executive shall consist of three of its members.
- 2.05 Directors shall be elected by the members at the annual meeting of the company.
- 2.06 All members of the Board shall hold office for a term of two (2) years and are eligible for re-election as prescribed in the by-laws.
- 2.07 The position of director shall be vacated by giving written notice to the board of directors.
- 2.08 The membership shall elect Co-Chairs from among the members at its annual general meeting. The outgoing Co-Chairs shall be eligible for re-election as a director and for re-election as Co-Chair.
- 2.09 Any member of the board may be suspended from the board by a vote of seventy-five percent (75%) of the board present at a meeting, which suspension shall be presented for ratification at a special general meeting of the members called for that purpose within thirty (30) days of the date of suspension.
- 2.10 The directors shall have the authority to remove the name of any Member from the organization registry for reasons that a majority of the Board of the organization deems to be in contravention of the Responsibilities of Membership.

BY-LAW NO. 3

DUTIES OF THE BOARD

- 3.01 Subject to the by-laws or directions given to them by a majority vote at any meeting of the members properly called and duly constituted, the Board shall be responsible for the general management of the affairs, funds, and records of the organization.
- 3.02 Meetings of the Board shall be held as often as the business of the company shall require, and shall be called by the Co-Chairs at least forty-eight (48) hours before being held. A special meeting shall be called on the instructions of one-third of the Board members provided a notice of such instruction is presented to the Co-Chairs in writing to call such a meeting for the time and place specified in the notice.
- 3.03 The Board shall establish committees with the name, designation and responsibilities as are deemed appropriate from time to time. Said committees shall report to the Board when directed by the Board and at least one (1) member shall sit on any such committees.
- 3.04 The Board, through its committee structure, is empowered to seek corporate sponsorship and any donations in support of the objects of the company.
- 3.05 The Board shall appoint proper signing officers from its number, which officers shall be responsible for signing all cheques, notes and obligations of the company.
- 3.06 The Board of directors shall have the power to hire or discharge such permanent or part-time employees as may be necessary to carry on the business of the organization and shall further have the right to review terms of employment.
- 3.07 In the event a vacancy occurs on the board, the remaining Board members shall have power to appoint a member to fill the vacancy, which appointment will be confirmed by the

membership at the next annual general meeting.

- 3.08 Any Director may vote on any issue raised at a meeting of the Directors.
- 3.09 In special circumstances, where due notice of a meeting of the Board cannot be given, the Co-Chairs may act upon instruments received from a majority of the Board taken by email or telephone conference call. The Co-Chairs may call a Board meeting to be held forthwith and in any event not later than seven (7) days after the date of receipt of such email or telephone instruction at which the Board shall consider the matter of matters upon which the Co-Chairs obtained such email or telephone instructions.
- 3.10 It will be the duty and responsibility of the Board to ensure that any moneys raised through government assistance, all donations, and corporate sponsorship are used in accordance with the objectives of the company.
- 3.11 The directors of every company shall lay before its shareholders a full and clear statement of the affairs and financial position of the company at or before each annual general meeting of the company.

BY-LAW NO. 4

Executive

- 4.01 At the first meeting of the Board, the Board shall elect from its own number, its officers.
- 4.02 No person shall be elected as an officer of the executive who is not a member of the organization.
- 4.03 The officers of the company shall include the Co-Chairs, the Secretary, the Treasurer and the Program Director.

- 4.04 The Co-Chairs are the Chief Executive Officers of the organization. Their role is to ensure the integrity of the Board's processes. All duties and special assignments shall be delegated accordingly and equally between the Co-Chairs. Their duties shall be as follows:
- (a) to manage the Board's activities, ensuring the Board follows its own rules and those legitimately imposed upon it by statute or regulation. The Co-Chairs have no authority to make decisions outside the By-laws or parameters of policies created by resolution of the Board;
 - (b) to set agendas for the meetings of the Board and of the Executive Committee with input from the members of the Board and with the assistance of the Program Director;
 - (c) to plan the conduct and timing of Board and Executive Committee meetings in conjunction with the Program Director and chair meetings of the Board and of the Executive Committee;
 - (d) to ensure the Board is properly informed of the operations of the organization;
 - (e) to be an ex-officio member of all committees;
 - (f) to provide direction to the Program Director within the parameters set out by the Governance policies;
 - (g) to co-ordinate the Program Director's annual performance evaluation;
 - (h) to act as public and media spokesperson for the Board as required;
 - (i) to have the ability to countersign any cheque exceeding an amount to be set by the Executive of the Board.
- 4.05 The Secretary shall
- (a) keep the minutes of the meetings of the Board and of the executive;
 - (b) keep such books and records as may be prescribed or deemed necessary including a copy of the letters patent incorporating the company, or of any supplementary letters patent and of all bylaws thereof, the names alphabetically arranged of all persons who are or have been members and the address and calling of every such person while such member;
 - (c) keep, during reasonable business hours, the above books and records open for the

inspection of shareholders and creditors of the company and their personal representatives, at the head office of the company, and every such shareholder, creditor, or personal representative, may make extracts therefrom;

(d) attend to all the correspondence of the Board;

(e) prepare and receive all notices and documents;

(f) notify the membership of the date, agenda, time and location of the annual general meeting at least 30 days in advance and of the date, agenda time and location of the date, time and location of other general meetings at least 14 days in advance;

(g) draft the minutes of all meetings;

investigate applications for membership and report thereon to the Board;

(h) and generally perform all the ordinary duties of a secretary.

4.06 The Treasurer shall have charge and custody and be responsible for all funds of the organization which he/she shall deposit in the company's name in such bank as may from time to time be designated by the Board and shall have charge of the finances of the company and shall keep such books and records as may be prescribed or deemed necessary. He/she shall assist the Program Director submit a financial statement to the Board for approval at the end of each fiscal year and shall co-operate with any auditor appointed by the Board to inspect and audit the financial books, records and papers of the organization. He/she shall have custody of the corporate seal and shall have the power to certify all documents.

4.07 The Program Director shall be a practicing artist as defined by the definition provided by UNESCO. He or she shall be an employee of the organization and shall be directly responsible to the Executive. The Program Director shall:

(a) in co-operation with the Board of Directors, participate in the creation of an organizational vision and develop programs and services that work toward the vision of the organization, within the policy guidelines set by the Board

(b) work in collaboration with staff, and relevant community agencies and groups, to

accomplish objectives and fulfill responsibilities

(c) encourage team building by facilitating open communication and a positive working relationship with staff and members

(d) engage in financial management in the following ways:

(i) implement the Board's policies for the allocation and distribution of resources

(ii) maintain sound bookkeeping procedures

(iii) provide the Board with regular statements of revenues and expenditures

(iv) administer the funds of the organization in accordance with the budget approved by the Board

(v) in collaboration with the secretary and treasurer, send notices to Members of upcoming dues; such notices shall be sent on or before thirty (30) days prior to the beginning of the next membership year

(vi) receive membership dues and issue receipts

(e) evaluate projects, proposals and strategies in the context of their relative risks and opportunities

(f) Assess risks to the organization's financial security and growth

(g) be an advocate for the organization in the following ways:

(i) promote community awareness of the organization's mission and aims

(ii) participate in networking and community relations activities on behalf of the organization

(iii) build strong working relationships with community members, both inside and outside of the organization and enlist their support for accomplishing the objects of the organization

(iv) assist the Board of Directors in preparing an advocacy program and act as an advocate for the organization while participating in programs in the community

(v) work with key external stakeholder groups

(vi) identify and research funding opportunities

(vii) facilitate a plan to inform the community of the activities and objectives of the

organization

(vii) supervise the membership recruitment campaign

(h) inform the Board of Directors about situations that affect the Program Director's ability to meet his or her objectives

4.08 Any assumption of office, resulting from mid-term vacancies in the Executive shall be understood to last only until the next Annual General Meeting.

Vacancies in the Executive

4.09 A vacancy in the office of Co-Chair, Secretary or Treasurer shall be filled by one of the membership who shall be appointed by the Executive.

4.10 No person shall hold more than one office at any one time except perhaps holding the Secretary and Treasurer positions.

4.11 A term as an officer of the Executive shall be at least two (2) years.

Removal of Executive

4.12 At any General Meeting, any member of the organization may move a vote of non-confidence in any or all of the Executive. If such a vote is passed by not less than two-thirds of the present members, the office(s) shall be considered vacant and elections shall be held forthwith.

Nominations for Executive

4.13 Concurrent with notification as to the date of any Annual General Meeting, members shall be informed as to which positions on the Executive will be open to nominations. Nominations may be registered by either mail (in which case the nomination shall be received by the Secretary or Program Director at least two weeks prior to the date of the Annual General Meeting), or from the floor provided that: i) the nominator is a Full/Emerging member in good standing with the organization and ii) the nominee, is also a Full/Emerging member and indicates that he or she agrees

to stand.

Remuneration of the Executive

4.14 All positions of the Executive shall be unpaid, with the Executive Members being allowed to claim only justified expenses in the carrying out of their respective duties.

BY-LAW NO. 5

COMMITTEES

5.01 The Board to employ, either on a full or part-time basis, such personnel as are required from time to time for the proper operation of the company.

5.02 All or any expenses paid to the members of the Board or to committee members shall be determined and approved by the Board.

5.03 The Board shall have the power to create and to specify the membership of the committees of the Board and the duties of such standing or special task committees as may be found necessary from time to time to carry out the work of the Board and shall have the power to dissolve such committees.

BY-LAW NO. 6

6.01 The annual meeting of the company shall be held at least once per year at a time decided upon by the Board. Special meetings of the company may be held at the call of the Co-Chairs, or at the request of any three (3) Board members.

6.02 Notice of the date, time, location and agenda of the Annual General Meeting shall be sent to all members via email and an announcement shall be published in the local newspaper not less than 30 calendar days in advance. Notice of the date time and location of all other

general meetings shall be given not less than 14 days in advance.

- 6.03 Notice of all meetings of the company shall be given at least one (1) week in advance of such meeting, in such manner as is deemed appropriate by the Co-Chairs or by the Board.
- 6.04 Notice of all meetings of the Board of the company shall be given at least twenty-four (24) hours in advance of such meeting in such manner is deemed appropriate by the President.
- 6.05 General meetings may be called either by the Executive or by the petition of at least 20 percent of the Full/Emerging membership.
- 6.06 The presence of at least three (3) members of the Board shall be necessary to constitute a quorum at all meetings of the company and any member in good standing of the company shall be entitled to vote at such meetings.
- 6.07 A quorum shall consist of one third of the Full/Emerging membership. Notwithstanding the foregoing, the next general meeting called following a general meeting lacking sufficient attendance for a quorum shall be deemed to have a quorum present and may enact business accordingly.
- 6.08 The Board of the company shall meet at any time at the call of the President or at the request of any three (3) members of the Board.
- 6.09 The presence of at least three (3) members of the Board shall be necessary to constitute a quorum at all meetings of the Board of the company and any member of the Board shall be entitled to vote at such meetings.
- 6.10 Voting at general meetings shall be by Full/Emerging members only and by secret ballot, or by mail provided that written notice duly signed and witnessed is received by the Secretary

or Program Director prior to the date of the General Meeting unless another method is requested by at least 3 of the members present.

- 6.11 Voting by proxy will be permitted where both parties involved are Full/Emerging members and where the absent members authorization in writing is presented to the Secretary or Program Director prior to the meeting.
- 6.12 If a petition to call a general meeting, signed by not less than 20 percent (20%) of the Full/Emerging membership is sent by registered mail to the Secretary or Program Director:
- (i) within ten (10) calendar days of the receipt of such petition, the Co-Chairs shall call a general meeting, giving the requisite 14 calendar day notice
 - (ii) should the Co-Chairs not act within the stated time, the petitioners may act to call a general meeting and shall give the requisite 14 calendar day notice to all members. Provided that these procedures are complied with, any and all business transacted at such a meeting shall be considered legal and binding.
- 6.13 Robert's Rules of Order shall govern all questions of order at all meetings of the organization, except where these rules come into conflict with the by-laws or when overruled by not less than two-thirds of the Full/Emerging members present.
- 6.14 All decisions and directives of the Board and the Executive may be appealed to the Membership as well as being subject to the due process of law.

BY-LAW NO. 7

- 7.01 The company's fiscal year shall be the calendar year extending from the 1st day of April to the 31st day of March.

BY-LAW NO. 8

SIGNING AUTHORITY

- 8.01 All contracts, documents, instruments in writing, cheques, drafts or orders for payment of money, notes, acceptances, and bills of exchange drawn, accepted, endorsed and signed by the proper signing officers of the company shall be binding on the company without any further authorization or formality.
- 8.02 The Board shall have the power from time to time by resolution to appoint any other officer or officers or directors of the company to sign specific contracts, documents or instruments in writing.

BY-LAW NO. 9

Borrowing Powers

- 9.01 For the Purpose of carrying out its objectives, the organization may borrow, raise or secure the payment of money in such a manner as it deems fit, and in particular, but not limited to, the issue of promissory notes, debentures, mortgages and the like, but this power shall be exercised only under the authority of the organization and in no case shall the directors
- (a) borrow money upon the credit of the company;
 - (b) limit or increase the amount to be borrowed;
 - (c) issue bonds, debentures, debenture stock or other securities of the company and pledge or sell the same the same for such sums and at such prices as may be deemed expedient;
 - (d) hypothecate, mortgage or pledge the real or personal property of the company, or both, to secure any such bonds, debentures, debenture stock or other securities and any money borrowed for the purposes of the company;
- Unless authorized by bylaw, duly passed by the directors and sanctioned by at least two-thirds of the votes cast at a special general meeting of the members duly called for considering the bylaw.

BY-LAW NO. 10

AMENDMENTS

- 10.01 Any and all amendments and additions to the memorandum of agreement and by-laws of the company, provided they are not in conflict with the purposes and objects of the company, may be adopted at any annual or special general meeting of the company by a seventy-five percent (75%) vote of the members in good standing present at the such meetings provided that the proposed amendment is filed with the company's secretary, in writing, at least thirty (30) days before the scheduled meeting date, so that it may be circulated to club members no later than twenty-one (21) days before the meeting of which it shall be considered by the membership.
- 10.02 Any amendment so adopted shall immediately become effective unless otherwise provided.

BY-LAW 11

AUDITORS

- 11.01 The fiscal year end of the organization shall be March 31st in each year.
- 11.02 The accounts of the company shall be audited or reviewed annually, prior to the annual meeting, and the auditor shall be appointed for the next ensuing year by the Board.

BY-LAW 12

CORPORATE SEAL

- 12.01 The Board shall order a seal for the company which shall be kept in the custody of the treasurer.

BY-LAW 13

INDEMNIFICATION AND PROTECTION OF DIRECTORS AND OFFICERS

13.01 Every Director of the organization and his or her heirs, executors and administrators and estate and effects, shall be indemnified and saved harmless out of the funds of the organization from and against all costs, charges, and expenses which he or she shall or may sustain or incur in any action or proceeding which is brought or prosecuted against him or her for, or in respect of a any act, deed, matter or thing made, done or permitted by him or her in or about the execution of the duties of his or her office, and also from and against all other costs, charges and expenses which he shall sustain or incur in or about or in relation to the affairs thereof, except such costs, charges and expenses as are occasioned by his or her own willful neglect or default.

13.02 No Director, Officer shall be liable for the acts, receipts, neglects or defaults of any other Director, Officer or employee or for joining in any receipt or act for the conformity or for any loss, damage or expense, happening to the organization through the insufficiency or deficiency of the title to any property acquired by order of the Directors for or on behalf of the organization or for the insufficiency or deficiency of any security in or upon which any of the monies of or belonging to the organization shall be placed out or invested or for any loss or damage arising from bankruptcy, insolvency, or wrongful act of any person, firm or Association with whom any monies, securities or effects shall be lodged or deposited or for any loss occasioned by an oversight or error in judgment on his part or for any other loss, damage or misfortune which may happen in the exercise of his respective duties or trust or relation thereto unless the same shall happen by his own or through his own willful act or default. Directors may rely upon the accuracy of any statement or report prepared by the organization's auditors and shall not be responsible or held liable for any loss or damage resulting from acting upon such statement or report.


BY-LAW 14

DISSOLUTION

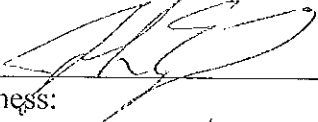
14.01 Upon the dissolution of the company and after payment of all debts and liabilities, its remaining property shall be distributed or disposed of to charitable organizations which carry on their work solely in Canada and which are recognized under the *Income Tax Act* (Canada) or any organization in existence at the time of dissolution whose objectives are substantially similar to those of the company and which carries out or plans to carry out those objectives within the Province of Prince Edward Island.

DATED at Charlottetown, Queens County, Province of Prince Edward Island this 27th day of October, 2010.

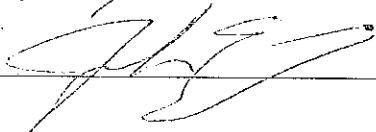
Witness:


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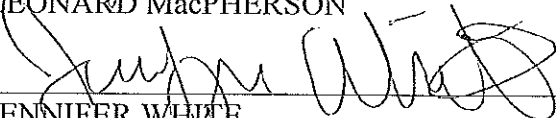
Witness:


_____)

Witness:


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_____)
LEONARD MacPHERSON


_____)
JENNIFER WHITE


_____)
ANDREW HEGGIE