

ARTICLES OF INCORPORATION

OF

ANNAPOLIS ECONOMIC DEVELOPMENT CORPORATION

FIRST: I, Midgett S. Parker, Jr., Esquire, whose address is One Park Place, Suite 585, Annapolis, Maryland 21401, being at least eighteen (18) years of age, am hereby forming a corporation under and by virtue of the General Laws of the State of Maryland.

SECOND: The name of the corporation (which is hereafter called the “Corporation”) is
“ANNAPOLIS ECONOMIC DEVELOPMENT CORPORATION”

THIRD: The exclusive purpose for which the Corporation is formed is to operate the Annapolis Economic Development Program as set forth in the City’s Code (as may be amended by the City Council in the future) in order to advance the economic development and prosperity of Annapolis by promoting and developing its business activity and business environment and by promoting and encouraging trade and commerce. To this end, the Corporation shall:

- (a) Take action to preserve a favorable climate for existing industrial, commercial, retail, restaurant, and professional businesses and encourage economic development in the City;
- (b) Provide a business entity to facilitate and promote the business community and the economic well being of the citizens of Annapolis;
- (c) Maintain close liaison with government agencies and representatives at County, State and Federal levels to achieve the goals of the Corporation;
- (d) Provide information to the public and the business community regarding the Corporation and its activities;

- (e) Work closely with other business entities and associations, non-profit entities and community groups, and governmental entities to achieve the goals of the Corporation;
and
- (f) Protect, promote and facilitate opportunity and employment opportunity in Annapolis, Maryland.
- (g) To promote and facilitate small business access to capital sources.
- (h) To provide educational opportunities to individuals and businesses concerning business management, legal, accounting and reporting methods and procedures.
- (i) To periodically prepare forecasts and other reports of economic conditions in the City of Annapolis.
- (j) Organize and operate exclusively an entity comprised of persons residing, doing business or interested in improving the climate and conditions for economic development in Annapolis, Maryland, with the specific challenge of promoting civic activities and governmental cooperation to achieve the vision and objectives of the Corporation within the guidelines and requirements for a tax-exempt organization established under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).
- (k) Pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in this Article THIRD except that no part of the net earnings of the Corporation shall inure to the benefit of or be distributable to its directors, officers, or other private persons.
- (l) As qualified and limited by subparagraphs (a) through (l) of this Article THIRD included are the following rights and authority of the Corporation:

- 1) To purchase or otherwise acquire, hold, mortgage, pledge, sell, transfer, or in any manner encumber or dispose of goods, wares, merchandise, implements, and other personal property or equipment of every kind.
- 2) To purchase, lease or otherwise acquire, hold, develop, improve, mortgage, sell, exchange, let, or in any manner encumber or dispose of real property wherever situated.
- 3) To apply for, obtain, purchase, or otherwise acquire any patents, copyrights, licenses, trademarks, trade names, rights, processes, formulae, and the like, which might be used for any of the purposes of the Corporation, and to use, exercise, develop, grant licenses in respect of, sell and otherwise turn to account, the same.
- 4) To accept contribution of real and personal property from public and private sources and to loan the proceeds of such contributions to economically disadvantaged or individuals and businesses not having sufficient access to commercial lending sources to enhance economic development and employment in the City of Annapolis.
- 5) To provide personnel and resources to educate and assist public and private entities in the administration, management and promotion of economic opportunity and development activities in the City of Annapolis.
- 6) To carry out any and all other activities and functions necessary or incidental to the furtherance and promotion of the goals and objectives of the Corporation allowed by the laws of the State of Maryland and the Internal Revenue Code as aforesaid.

(m) It is the intention that none of the powers defined in any of the foregoing clauses of this Article shall be in anywise limited or restricted by reference to, or influence from, the terms of any other clause but that the powers defined in each such clause shall be regarded as individual powers. It is also the intention that the Corporation shall be authorized to exercise and enjoy the powers, rights and privileges granted to or conferred upon non-stock, non-profit corporations by the laws of the State of Maryland and that the enumeration above of certain powers is not intended as exclusive of, or as a waiver of other powers, rights and privileges granted and conferred to such corporations by the laws of said State except the Corporation shall not carry on any activities not permitted to be carried on by a corporation exempt from Federal Income Tax under Section 501(c)(3) of the Internal Revenue Code (or the corresponding provision of any future United States Internal Revenue law).

FOURTH: The post office address of the principal office of the Corporation in this State is _____, Annapolis, MD 21401. The name and post office address of the Resident Agent of the Corporation in this State is _____, Annapolis, Maryland 21401. Said Resident Agent is an individual actually residing in this State.

FIFTH: The Corporation is not organized for profit; it shall have no capital stock and shall not be authorized to issue capital stock. The qualifications for membership and other matters relating to its members shall be as set forth in the By-Laws of the Corporation.

SIXTH: The initial number of Directors of the Corporation shall be nine (9), which number may be increased or decreased pursuant to the By-Laws of the Corporation, but shall never be less than three (3) nor greater than twenty-one (21). The names of the Directors, who shall act until the first annual meeting or until their successors are duly chosen and qualified, are:

Chuck Walsh, Douglas E. Smith, Midgett Parker, Richard J. Morgan, Richard L. Franyo, Concetta Del Signore, Bob Burdon, Fred Delavan, and Karen M. Hardwick. Prior to the first anniversary of the Corporation the Board of Directors shall be expanded to consist of twelve (12) members allocated as follows: (a) a Chairman and three (3) additional members appointed by the Mayor and confirmed by the City Council; (b) three (3) voting ex-officio members: the City Administrator or City Manager, the President of the Annapolis & Anne Arundel County Chamber of Commerce and the President of the Annapolis & Anne Arundel County Conference & Visitors Bureau; (c) four (4) members selected by the above stated Board of Directors during the first year, and by all voting members in subsequent years; and (d) as a nonvoting ex-officio member, the President and CEO of AEDC. The qualifications for being a Director and the terms of office and procedure for election shall be outlined in the Bylaws of the Corporation.

SEVENTH: Upon the dissolution of the Corporation's affairs, or upon the abandonment of the Corporation's activities due to its impracticable or inexpedient nature, the residual equity of the Corporation then remaining in the hands of the Corporation shall be distributed, transferred, conveyed, delivered and paid over to Annapolis.

EIGHTH: The Corporation may by its By-Laws make any other provisions or requirements for the arrangement or conduct of the business of the Corporation, provided the same be not inconsistent with these Articles of Incorporation nor contrary to the laws of the State of Maryland or of the United States.

NINTH: In these Articles of Incorporation,

(a) References to "charitable organizations" or "charitable organization" mean Corporations, trusts, funds, foundations, or community chests created or organized in the United States or in any of its possessions, whether under the laws of the United States, any state or territory, the District of Columbia, or any possession of the United States, organized and operated

exclusively for charitable purposes, no part of the net earnings of which inures or is payable to or for the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda or otherwise attempting to influence legislation and which do not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidates for public office. It is intended that the organization described in this Article NINTH shall be entitled to exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as now in force or afterwards amended.

(b) The term "charitable purposes" shall be limited to and shall include only charitable, for public safety, literary, or educational purposes within the meaning of the terms used in Section 501(c)(3) of the Internal Revenue Code of 1986 but only such purposes as also constitute public charitable purposes under the laws of the United States, any state or territory, the District of Columbia, or any possession of the United States.

TENTH: Pursuant to the powers provided to the Corporation herein, the Corporation shall observe the following:

(a) The Corporation shall distribute its income for each taxable year at such time and in such manner as not to become subject to the tax on undistributed income imposed by Section 4942 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

(b) The Corporation shall not engage in any act of self-dealing as defined in Section 4941(d) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

- (c) The Corporation shall not retain any excess business holdings as defined in Section 4943(c) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.
- (d) The Corporation shall not make any investments in such manner as to subject it to tax under Section 4944 of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.
- (e) The Corporation shall not make any taxable expenditures as defined in Section 4945(d) of the Internal Revenue Code of 1986, or corresponding provisions of any subsequent federal tax laws.

ELEVENTH: As used in this Article ELEVENTH, any word or words that are defined in Section 2-418 of the Corporations and Associations Article of the Annotated Code of Maryland (the “Indemnification Section”), as amended from time to time, shall have the same meaning as provided in the Indemnification Section.

- (a) The Corporation shall indemnify a present or former director or officer of the Corporation in connection with a proceeding to the fullest extent permitted by and in accordance with the Indemnification Section.
- (b) With respect to any corporate representative other than a present or former director or officer, the Corporation may indemnify such corporate representative in connection with a proceeding to the fullest extent permitted by and in accordance with the Indemnification Section; provided, however, that to the extent a corporate representative other than a present or former director or officer successfully defends on the merits or otherwise any proceeding referred to in subsections (a) or

(b) of the Indemnification Section or any claim, issue or matter raised in such proceedings, the Corporation shall not indemnify such corporate representative other than a present or former director or officer under the Indemnification Section unless and until it shall have been determined and authorized in the specific case by (i) an affirmative vote, at a duly constituted meeting of a majority of all the votes cast by members who were not parties to the proceeding, that indemnification of such corporate representative other than a present or former director or officer is proper in the circumstances.

TWELFTH: The duration of the Corporation shall be perpetual.

[SIGNATURE PAGE FOLLOW]

IN WITNESS WHEREOF, I have signed these Articles of Incorporation the ____ day of _____, and I acknowledge same to be my act.

WITNESS:

_____ Midgett S. Parker, Jr., Incorporator

CONSENT TO ACT AS RESIDENT AGENT:

Pursuant to Section 1-208 of the Corporations and Associations Article of the Annotated Code of Maryland and Article FOURTH above, the undersigned consents to serve as the Resident Agent of Annapolis Economic Development Corporation.

IN WITNESS WHEREOF, I have signed this Consent and acknowledged it to be my act as of the ____ day of _____ 2010

WITNESS:

_____ name
Resident Agent