

ANNAPOLIS ECONOMIC DEVELOPMENT CORPORATION

BY-LAWS

ARTICLE I

THE CORPORATION

**Section 1. NAME.** The name of this corporation shall be Annapolis Economic Development Corporation, hereinafter called the “Corporation.”

**Section 2. OFFICES.** The principal office or offices of the Corporation shall be in the corporate limits of the City of Annapolis, at such place or places as designated from time to time by the Board of Directors.

**Section 3. PURPOSE.** The exclusive purpose for which the Corporation is formed is to operate the Annapolis Economic Development Program 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, in a manner consistent with any agreements with Annapolis, 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.

## **ARTICLE II**

### **BOARD OF DIRECTORS**

**Section 1. POWERS.** The government of the Corporation, the directors of its work and the control of its property shall be vested in the Board of Directors. To the extent that action is required by law to be taken by members of the Corporation, the Directors who shall be the members of the Corporation.

**Section 2. COMPOSITION OF BOARD.** The Board of Directors shall consist of twelve (12) members allocated as follows: (a) a Chair 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.

**Section 3. QUALIFICATION OF DIRECTORS.** To be elected or appointed as a Director of the Corporation, a candidate must live, do significant amount of business, or maintain a place of business in the City of Annapolis. Board members shall be drawn from residents and members of the business sectors (doing a significant amount of business in the greater Annapolis community) including but not limited to: financial planning, banking, real estate, automobile, construction, advertising, public relations, land use & development, legal, architecture, consulting, information technology, military, defense industry, trade and professional associations, hospitality; maritime, retail, health care, government relations, manufacturing, and news media. The board should reflect the diversity of the Annapolis community.

**Section 4. NOMINATIONS FOR ELECTION OF DIRECTORS.** There shall be a Nominating Committee consisting of no less than three (3) Board members, all of whom shall be Directors. The Chair of the Nominating Committee shall be a Director appointed by the Chair. The Chair shall appoint a Nominating Committee at the June Board meeting to make recommendations for election at the next annual meeting of the Corporation, and at such other times as a vacancy arises that must be filled by election by the Directors. The Nominating Committee shall solicit interest from the business community for Board and Officer positions, interview, fully vet each nominee; and report to the Board of Directors, fourteen (14) days prior to the annual meeting, the Nominating Committee's recommendation for candidates for election/selection of Directors at the Corporation's annual meeting. Within ten (10) days prior to the Board's annual meeting, additional nominees for election to the Board of Directors may be proposed by petition signed by at least two Directors and delivered to the Nominating Committee at the office of the Corporation for the vetting process prior to the election. The Nominating Committee shall report to the Board of Directors the Nominating Committee's recommendations

for any vacancy to be filled by election by the Board within such time as specified by the Chair of the Corporation.

**Section 5. TERM OF OFFICE.** Except as hereafter provided, Directors shall be appointed or elected for terms of three (3) years, unless appointed or elected as a replacement for a retiring or removed Director, in which case such replacement Director shall complete the term of the Director who has retired or been removed. A Director shall continue to serve until the Director's successor is appointed or elected. Directors are eligible for reappointment or reelection. Of the Directors entering the initial year of the Corporation (2010) effort will be given by the Directors to provide for staggering or terms of office so that no greater than 1/3 of the Board shall rotate off of the Board in any one year. Towards that end, beginning in year one of the Corporation three of the twelve Directors shall serve an initial term of one year, another three of the twelve Directors shall serve an initial term of two years, and the final members of the Board shall serve an initial term of three years. Nothing shall prevent a Director from serving more than one term and all Directors shall hold office until their successors are elected.

**Section 6. ELECTION OF DIRECTORS.** Directors to be elected by the Board shall be elected by the appointed members of the Board at the annual meeting of the Corporation. The Chair of the Nominating Committee shall prepare an official ballot for the election of the Directors which shall list all nominees. The list of nominees shall be provided to the Directors of the Corporation at least fourteen (14) days prior to the annual meeting. The list may be provided by hand delivered, first class mail, facsimile transmission, or electronic mail. At the annual meeting no additional nominees may be proposed or nominated. Nominees receiving a plurality shall be declared elected. In the event of a tie vote between two or more candidates, one or more additional ballots shall be cast until one candidate receives a plurality of votes.

**Section 7. REMOVAL.** In the event a Director shall fail to attend two (2) consecutive quarterly meetings of the Board, unless excused for good cause by the Chair of the Board, he or she ceases to be a Director at the conclusion of the second meeting. After the 1<sup>st</sup> absence the Board Secretary shall formally notify the Director of the Board attendance policy. Mandatory termination will cease at the conclusion of the 2<sup>nd</sup> meeting of the Board. Any one or more of the Directors may be removed at any time by a vote of a majority of the members of the entire Board at any special meeting called for the purpose.

**Section 8. VACANCIES.** Vacancies of elected Directors for any reason shall be filled by majority vote of the members of the Board of Directors. The Mayor subject to the confirmation by the City Council shall fill vacancies of Directors appointed by the Mayor.

**Section 9. MEETINGS.** Regular meetings of the Board of Directors shall be held quarterly in September, December, March and June. Special meetings of the Board of Directors shall be subject to call by the Chair or by petition to the Chair signed by at least three (3) Directors. The September monthly meeting of the Board of Directors also shall constitute the annual meeting of the Corporation required by law.

The Chair shall set the date, time and place of all meetings of the Board of Directors. In the event a special meeting of the Board is called by petition as provided herein, such meeting shall be held not less than fourteen (14) days nor more than thirty (30) days after receipt of such petition.

The Board of Directors shall be given at least fourteen (14) days notice in advance of all regular monthly meetings and at least five (5) days notice in advance of all special meetings. Notice of meetings of the Board of Directors may be provided by hand delivery, first class mail, facsimile transmission, electronic mail, or by any other means reasonably calculated to provide actual notice to each Director. Where practicable, notice of all meetings of the Board shall include the proposed agenda for the meeting; provided, however, that the Board may consider any issue not included on the agenda proposed for the meeting.

**Section 10. QUORUM.** The quorum for any meeting of the Board of Directors shall be a majority of the Directors then serving.

**Section 11. VOTING.** At all meetings of the Board of Directors, each Director is to have one (1) vote. Except as otherwise provided in these By-Laws or by law, a majority vote of the members of the Board at any meeting of the Board at which a quorum is present shall be required to take action on any issue. Absentee voting is acceptable by either hand delivery, first class mail, facsimile transmission, or electronic mail.

**Section 12. EXECUTIVE COMMITTEE.** There shall be an Executive Committee of the Board consisting of the five members of the Board of Directors. The Executive Committee shall be comprised of the Chair, Vice Chair, Treasurer, Secretary and the President/Chief Executive Officer as an ex officio non-voting member.

The Executive Committee shall be empowered to act on behalf of the Board of Directors on any issue except elections and amendments to the Articles of Incorporation or to the By-Laws and shall report all actions taken at the next regular or special meeting of the Board.

Meetings of the Executive Committee shall be subject to call by the President/Chief Executive Officer or the Chair of the Board on not less than three (3) days notice. The quorum for any meeting of the Executive Committee shall be a minimum of three members in attendance at any such meeting and all actions shall be taken by majority vote of the members present.

**Section 13. WAIVER OF NOTICE.** Whenever by statute, the provisions of the Articles of Incorporation or these By-Laws, the members, the Board of Directors, or the Executive Committee are authorized to take action after notice, such note may be waived, in writing, before or after the holding of the meeting, by the person or persons entitled to such notice.

**Section 14. ECONOMIC DEVELOPMENT FINANCE COMMITTEE.** The Board of Directors shall create an Economic Development Finance Committee. The Economic Development Finance Committee shall advise the Board on all matters involving arranging or making loans to qualified businesses. The committee shall be composed of five members of the AEDC Board of Directors. The AEDC Board Treasurer shall Chair this Committee.

**Section 15. GOVERNANCE COMMITTEE.** The Board of Directors shall create a Governance Committee. The Governance Committee shall serve as the Board’s mechanism for looking after the activities of the Board and the Corporation. It shall assess the responsibilities of board members, board member knowledge, board leadership, and board effectiveness as to compliance with the stated purpose of the Corporation as enumerated in Article I, Section 3 of these Bylaws.. It shall be charged to instruct the board and the corporation on accountability and transparency to the Mayor and the Council of the City of Annapolis

**Section 16. CONSULTATION WITH THE MAYOR AND CITY COUNCIL.** The Board shall consult from time to time with the Mayor and the City Council concerning economic development policy and activities. The Corporation will produce and deliver to the Mayor and the City Council an annual report of its finances, activities, initiatives, and accomplishments.

**Section 17. INTERESTED DIRECTOR TRANSACTIONS.**

**A. General Rule.** The Corporation shall not enter into a contract or other transaction with any of its Directors or relatives of its Directors or any entity in which the same has a substantial financial interest, except upon strict compliance with Paragraphs B, C and D of this Section. For purposes of this Article, the term “relative” shall mean parents, grandparents, great-grandparents, aunts, uncles, brothers, sisters, nieces, nephews, children, grandchildren, and great-grandchildren, and their spouses.

**B. Disclosure.** A Director shall disclose to the Board of Directors any interest that the Director may have, as well as any known interest held by the Director’s spouse or by any relative of the Director or the Director’s spouse, in any contract or transaction under consideration by the Corporation. If a Director is also a director in a corporation, firm, or other entity with which the Corporation proposes to contract or otherwise transact business, the Director shall disclose that fact as well.

**C. Non-Participation by Interested Director.** Except for administrative or ministerial duties that do not affect the disposition or decision, the Director shall not vote upon or participate in any way in any contract or transaction with a relative of a Director or with a corporation, firm, or other entity in which the Director has an interest or in which the Director is a director. The Director shall leave the room during consideration, discussion, and voting on the matter. The presence of the interested Director may be counted for purposes of determining a quorum at the meeting.

**D. Approval.** After full consideration and upon a specific finding that the contract or transaction is fair and reasonable, the remaining disinterested Directors may authorize, approve, or ratify by the affirmative vote of a majority of the disinterested Directors (even if the disinterested Directors constitute less than a quorum), a contract or transaction with a relative of a Director or with a corporation, firm, or other entity in which one of its Directors has an interest or in which one of its Directors is a director.

**E. Disclosure Statement.** Each Director shall file on at least a yearly basis a Director’s and Officer’s Disclosure Statement.

**F. Indemnification.** This Section does not apply to any required or permitted indemnification of a Director in accordance with the charter, these By-Laws, or State or County law.

### **ARTICLE III**

#### **OFFICERS**

**Section 1. OFFICERS DEFINED.** The elected Officers of the Corporation shall be the Chair, Vice Chair, Secretary, Treasurer, and President/Chief Executive Officer. Such Officers shall be members of the Board of Directors. The Board of Directors may create and appoint such other Officers, as it may deem advisable.

The Mayor shall appoint the Chair of the Corporation.

**Section 2. DUTIES OF OFFICERS.** The duties and powers of the Officers of the Corporation shall be as follows:

**A. CHAIR**

The Chair shall preside at all meetings of the Board of Directors and Executive Committee;

The Chair shall present at each meeting of the Board of Directors a report of the condition of the business of the Corporation;

The Chair shall cause to be called regular and special meetings of the Directors in accordance with these By-Laws;

The Chair shall see that the Corporation's books, reports, statements and certificates are properly kept, made and filed according to law; and

The Chair shall enforce these By-Laws and perform all the duties incident to the position and office, and which are required by law.

The Chair may, in his or her sole discretion, assign the above duties to the other Officers or the President/Chief Executive Officer.

**B. VICE CHAIR**

During the absence or inability of the Chair to render and perform his or her duties or exercise his or her powers, as set forth in these By-Laws or in the acts under which this Corporation is organized, the same shall be performed and exercised by the Vice Chair; and when so acting, the Vice Chair shall have all the powers and be subject to all the responsibilities hereby given to or imposed upon such Chair.

The Vice Chair shall supervise the activities of the Committees as defined in Article V, Section 1, as specified by the Board of Directors, and shall present to the Board of Directors the objectives and events proposed by the Committees for the next fiscal year.

**C. SECRETARY**

The Secretary shall keep the minutes of the meetings of the Board of Directors and Executive Committee in appropriate books;

The Secretary shall give and serve all notices of the Corporation;

The Secretary shall be custodian of the records and of the Seal, and affix the latter when required;

The Secretary shall present to the Board of Directors at their stated meetings all communications addressed to him or her officially by the Chair or any Officer or member of the Corporation; and

The Secretary shall attend to all such correspondence and perform all duties incident to the Office of Secretary.

**D. TREASURER**

The Treasurer shall have the care and custody of and be responsible for all the funds and securities of the Corporation and shall deposit all such funds in the name of the Corporation in such bank or banks, trust company or trust companies or safe deposit vaults as the Board of Directors may designate;

The Treasurer may sign, make, and endorse in the name of the Corporation all checks, drafts, warrants and order for the payment of money, and pay out and dispose of same and receipt therefore, under the direction of the Chair or the Board of Directors;

The Treasurer shall exhibit at all reasonable times his or her books and accounts to any Director or member of the Corporation upon application at the office of the Corporation during business hours;

The Treasurer shall render a statement of the condition of the finances of the Corporation at each regular meeting of the Board of Directors, and at such other times as shall be required, and a full financial report at the annual meeting;

The Treasurer shall keep at the office of the Corporation correct books of account of all its business and transactions and such other books of account as the Board of Directors may require; and

The Treasurer shall do and perform all duties pertaining to the Office of Treasurer.

**E. PRESIDENT/CHIEF EXECUTIVE OFFICER**

The President/Chief Executive Officer shall be elected by the Board of Directors, following search and recommendation of an appropriate candidate or candidates by the Nominating Committee. The President/Chief Executive Officer shall be an ex-officio member of the Board, the Executive Committee, and all other Committees of the Corporation. The

President/Chief Executive Officer shall be the chief executive and administrative officer of the Corporation. The President/Chief Executive Officer shall be responsible for implementing the policies and programs of the Corporation as established or approved by the Board of Directors, and shall have such other duties and responsibilities the Board of Directors may assign. The President/CEO shall sign and make all contracts and agreements on behalf of the Corporation.

**F. OTHER CORPORATE OFFICERS**

The Board of Directors may select additional officers to serve in support of the Corporation's purposes outlined above as it deems necessary to effectively and efficiently accomplish the mission of the Corporation. Unless otherwise designated, such officers shall hold their offices at the pleasure of the Board.

**Section 3. BOND.** The Treasurer, the President/Chief Executive Officer, Vice President, and members of the Executive Committee shall, if required by the Board of Directors, give to the Corporation such security for the faithful discharge of their duties as the Board may direct.

**Section 4. NOMINATIONS AND ELECTION OF OFFICERS.** The Nominating Committee shall nominate a slate of Officers for election by the Board of Directors. The Nominating Committee shall deliver this slate to the Board of Directors within fifteen (15) days prior to the *September* meeting. Such nominees shall be members of the Board of Directors. The slate may be provided by hand delivery, first class mail, facsimile transmission, or electronic mail. Within ten (10) days prior to the Board's quarterly meeting, additional nominees for election as Officers of the Corporation may be proposed by petition signed by at least two Directors and delivered to the Nominating Committee at the office of the Corporation. The election of Officers shall be held at the quarterly meeting of the Board of Directors in the month of *September* in each year. At the *September* meeting the Nominating Committee shall present all candidates for election. No additional nominees may be proposed or nominated at the meeting.

**Section 5. TERM OF OFFICE.** Officers shall take office at the conclusion of the meeting of the Board at which they were elected and shall serve for one (1) year or until their successors are duly elected and qualified.

**Section 6. REMOVAL OF OFFICERS.** The Board of Directors may remove any Officer by a majority vote, at any time with or without cause. For those appointed Officers who also are employees of the Corporation, removal as an Officer does not constitute termination of employment unless so stated by the Board of Directors.

**Section 7. VACANCIES.** In the event of a vacancy in any elective office, such vacancy shall be filled by appointment by the Board of Directors for the remainder of the unexpired term.

**Section 8. COMPENSATION.** Appointed and elected Officers (other than the President/Chief Executive Officer, full-time salaried employees of the Corporation and the Corporation's General Counsel) shall serve without compensation.

## ARTICLE IV

### FISCAL AND ECONOMIC MATTERS

**Section 1. FISCAL YEAR.** The fiscal year for the Corporation shall be the twelve calendar months beginning July 1 of each year or such other period of time to coincide with the fiscal year of the City of Annapolis.

**Section 2. THE BUDGET.** The budget for the upcoming fiscal year shall be presented and approved by the Board of Directors at the second Board meeting. Thereafter, the budget for each successive year will be presented and approved by the Board of Directors at the *March* quarterly Board meeting. Development of the Budget will be transparent and open to the input from the City Council's Finance Committee.

**Section 3. ANNUAL FINANCIAL REVIEW OR AUDIT.** At a minimum an annual review of the Corporation's financial records shall be made at the end of each fiscal year by a CPA firm approved by the Board of Directors. A copy of the reviewed or audited annual financial statement shall be distributed to each member of the Board of Directors within ninety (90) days following the close of the fiscal year. Such annual financial statement and report shall, upon approval by the Board of Directors, be provided to the Mayor and City Council for review and comment. A full audit of the Corporation's financial records shall be performed upon the request of the Board, President/CEO, Mayor or majority of the City Council.

**Section 4. PERIODIC METRIC and FINANCIAL REPORTS.** The Chief Executive Officer/President shall be responsible for the preparation and presentation to the Board of Directors, on a periodic basis consistent with best corporate practices an analysis of the economic vibrancy of the City of Annapolis utilizing the metrics outlined in the Economic Development Working Group's Report to the Mayor and the City Council (and such additional metrics as may be determined by the Board and/or requested by the Mayor and the City Council), and for the Corporation a balance sheet, a statement of income and expense, and such other financial information deemed appropriate by the Board of Directors, in consultation with the Mayor and the City Council.

**Section 5. EXECUTION OF NOTES, DRAFTS, ETC.** All notes, draft, warrants, bills of exchange or similar documents in excess of Three Thousand Dollars shall be signed by any two of the President/Chief Executive Officer, a Vice President, and a member of the Executive Committee; except that if the President/Chief Executive Officer and any Vice-President are unavailable, any such document may be signed by two members of the Executive Committee.

## ARTICLE V

### MISCELLANEOUS

**Section 1. COMMITTEES.** The Board of Directors shall authorize the formation of Committees as it may deem advisable and shall define their duties, powers and limits of powers.

The Chair shall appoint all members of Committees and shall designate the Chair of each Committee.

**Section 2. POLITICAL INVOLVEMENT.** The Corporation shall not be used or be permitted to be used for political purposes, and any Officer of the Corporation or any employee thereof shall sever all official connection with the Corporation upon becoming a candidate for or elected to any public office.

**Section 3. GENDER.** The use herein of the masculine or feminine gender shall be interpreted to mean either gender.

**Section 4. INDEMNITY; LIABILITY INSURANCE.**

- A. As used in this Article V, Section 4, any word or words defined in Section 2-418 of the Corporations and Associations Article of the Annotated Code of Maryland, as amended from time to time, (the “Indemnification Section”) shall have the same meaning as provided in the Indemnification Section.
- B. The Corporation shall indemnify and advance expenses to a director, officer, employee or agent of the Corporation in connection with a proceeding to the fullest extent permitted by and in accordance with the Indemnification Section and the Articles of Incorporation.
- C. The Board of Directors shall procure Officers’ and Directors’ Liability Insurance insuring the Corporation’s officers, directors and appropriate committee chairs and members, in such amounts and at such rates as determined appropriate by the Board of Directors.

**ARTICLE VI**

**PARLIAMENTARY RULES**

Except as otherwise provided by resolution by the Board of Directors, the proceedings of all meetings of the Corporation, the Board of Directors, the Executive Committee and other Committees of the Corporation shall be governed by and conducted according to the latest edition of Robert’s Rules of Order Newly Revised.

**ARTICLE VII**

**AMENDMENTS**

**Section 1. AMENDMENTS.** These By-Laws may be amended or additional By-Laws adopted by a two-thirds vote of the Board of Directors at any regular meeting of the Board of Directors.

**Section 2. PROCEDURE.** An Amendment to these By-Laws may be proposed to the Board of Directors or by a resolution in writing, containing the proposed change, or changes, signed by not less than three (3) Directors.

**ARTICLE VIII**

**SEAL**

Annapolis Economic Development Corporation shall be a seal of such design as the Board of Directors may adopt.

**ARTICLE IX**

**ADOPTION**

These By-Laws shall become effective when adopted by a majority vote of the Board of Directors.

APPROVED BY THE BOARD OF DIRECTORS ON THE \_\_\_ day of \_\_\_\_\_ 2010.

\_\_\_\_\_  
, Secretary