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THE COMPANIES ACT 1985
COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL
ARTICLES OF ASSOCIATION
OF
NORTH STAFFORDSHIRE REGENERATION ZONE LIMITED
(Adopted by Special Resolution Passed on 2004)*

1. **PRELIMINARY**

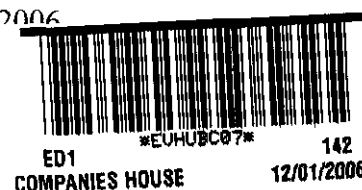
The regulations contained in Table C in the Schedule to the Companies (Tables A to F) Regulations 1985 in force at the time of adoption of these Articles shall not apply to the Company and these Articles alone shall constitute the regulations of the Company.

2. **OPERATIVE CLAUSES**

In these Articles the following expressions have the following meanings unless inconsistent with the context:

"Act"	the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force;
"Annual ZIP"	the regeneration plan/zone implementation plan for the Zone adopted by the board and approved by AWM pursuant to the Board Rules;
"AWM Director"	a director appointed by AWM in accordance with Article 10.3;
"AWM"	Advantage West Midlands;
"AWM Member"	a member admitted pursuant to Article 3.1.1;
"BL"	Business Link Staffordshire;

* As amended by a Written Resolution of Members dated 10 January 2006



“BL Director”	a director appointed by BL in accordance with Article 10.6;
“BL Member”	the member appointed pursuant to Article 3.12;
“Board”	the board of directors of the Company;
“Board Rules”	any rules or policies of the Company adopted pursuant to Article 8.2;
“Borough Council”	Newcastle under Lyme Borough Council;
“Borough Council Director”	the director appointed by the Borough Council in accordance with Article 10.4;
“Borough Council Member”	the member admitted pursuant to Article 3.9;
“Chairman”	the chairman of the board appointed pursuant to Article 13.11;
“Chamber Director”	the director appointed pursuant to Article 10.11;
“Chamber Member”	the member appointed pursuant to Article 3.4;
“County Council Director”	a director appointed by the County Council in accordance with Article 10.4;
“the County Council”	Staffordshire County Council;
“County Council Member”	the member admitted pursuant to Article 3.8;
“clear days”	in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;
“Community Directors”	those directors appointed pursuant to Article 10.9;
“Community Members”	those members admitted pursuant to Article 3.7;
“City Council Directors”	the directors appointed by the City Council in accordance with Article 10.4;

“the City Council”	Stoke on Trent City Council;
“City Council Members”	the members admitted pursuant to Article 3.10;
“Current ZIP”	whichever of the first zone implementation plan or any later Annual ZIP was most recently adopted and approved by AWM at the relevant time;
“directors”	the directors for the time being of the Company or (as the context shall require) any of them acting as the board of directors of the Company;
“executed”	includes any mode of execution;
“FE Director”	the director appointed pursuant to Article 10.10;
“FE Member”	the member appointed pursuant to Article 3.3;
“Group”	the Company and any of its subsidiaries (as defined in Section 736 of the Companies Act 1985) and “Group Company” shall be any of those companies;
“Health Director”	the director appointed pursuant to Article 10.12;
“Health Member”	the member appointed pursuant to Article 3.5;
“HE Directors”	the directors and appointed pursuant to Article 10.7;
“HE Members”	the members appointed pursuant to Article 3.2;
“LSC Member”	the member appointed pursuant to Article 3.11;
“LSC”	Staffordshire Learning and Skills Council;
“LSC Director”	a director appointed by LSC in accordance with Article 10.5;
“members”	the members of the Company from time to time;
“office”	the registered office of the Company;

“Prohibited Person”	any person who is disqualified for election and holding office as a member of a local authority pursuant to Section 80 Local Government Act 1972;
“Project”	the physical, social and economic regeneration of the Zone in accordance with the Current ZIP;
“PS Directors”	those director(s) and appointed pursuant to Article 10.8;
“PS Members”	those member(s) admitted pursuant to Article 3.6;
“secretary”	the secretary of the Company or any other person appointed to perform the duties of the secretary of the Company, including a joint. assistant or deputy secretary;
“SRB6”	Single Regeneration Budget Round 6;
“these Articles”	these Articles of Association, whether as originally adopted or as from time to time altered by special resolution;
“United Kingdom”	Great Britain and Northern Ireland;
“Zone”	the area defined in the Company’s Memorandum of Association;

Unless the context otherwise requires, words or expressions contained in these Articles shall bear the same meaning as in the Act but excluding any statutory modification thereof not in force when these Articles become binding on the Company. References to the masculine or feminine shall include reference to the other gender and the neuter.

3. **MEMBERS**

3.1 The following shall be entitled to be members of the Company;

3.1.1 AWM (or such person as it may nominate as a member);

3.1.2 the City Council Members;

- 3.1.3 the County Council Member;
 - 3.1.4 the Borough Council Member;
 - 3.1.5 the LSC Member;
 - 3.1.6 the BL Member;
 - 3.1.7 the HE Members;
 - 3.1.8 the FE Member;
 - 3.1.9 the Health Member;
 - 3.1.10 the Chamber Member;
 - 3.1.11 up to 5 PS Members; and
 - 3.1.12 up to 4 Community Members.
- 3.2 The Vice-Chancellors of Universities of Keele and Staffordshire may each (after consulting with their own Councils or equivalent senior management teams):
- 3.2.1 nominate one person to be appointed as a member of the Company; and
 - 3.2.2 remove and replace such nominated person;
- and any such appointment removal or replacement shall be notified in writing to the secretary of the Company and shall be a "HE Member".
- 3.3 The governing board of the North Staffordshire Concordat for Post 16 Education (or its equivalent replacement body from time to time) may by written notice to the Secretary of the Company nominate one person to be appointed as a member of the Company and they may similarly remove or replace such nominated person. Such nominated person shall forthwith following such notification become the "FE Member".
- 3.4 The governing board of the North Staffordshire Chamber of Commerce and Industry (or its equivalent replacement body from time to time) may by written notice to the Secretary of the Company nominate one person to be appointed as a member of the Company and they may similarly remove or replace such nominated person. Such nominated person shall forthwith following such notification become the "Chamber Member".

- 3.5 The governing board of the Shropshire and Staffordshire Strategic Health Authority (or its equivalent replacement body from time to time) may by written notice to the Secretary of the Company nominate one person to be appointed as a member of the Company and they may similarly remove or replace such nominated person. Such nominated person shall forthwith following such notification become the "Health Member".
- 3.6 The Board may by majority decision, and after following any Board Rules that may relate to identification and selection procedures (if any), accept as members up to 5 private sector persons (each to be a PS Member). Each PS Member may be removed pursuant to Article 3.14.
- 3.7 The Board may by majority decision, and after following any Board Rules that may relate to identification and selection procedures (if any), accept as members up to 4 community sector persons (each to be a Community Member). Each Community Member may be removed pursuant to Article 3.14.
- 3.8 The County Council Member shall be (at its absolute discretion) either the County Council itself or such elected councillor or officer who is notified by the County Council to the secretary of the Company from time to time. Upon any such person ceasing to hold office they shall be deemed to have resigned their membership and the County Council may notify the secretary of any replacement who shall then become the County Council Member. The County Council may notify the secretary of the Company at any time of its desire to remove and/or replace its nominated Member(s).
- 3.9 The Borough Council Member shall be (at its absolute discretion) either the Borough Council itself or such elected councillor or officer who is notified by the Borough Council to the secretary of the Company from time to time. Upon any such person ceasing to hold office they shall be deemed to have resigned their membership and the Borough Council may notify the secretary of any replacement who shall then become the Borough Council Member. The Borough Council may notify the secretary of the Company at any time of its desire to remove and/or replace its nominated Member(s).
- 3.10 The City Council Members shall be up to three persons (one such person could be the City Council itself if so desires) who are notified by the City Council to the secretary of the Company. Upon any such individuals ceasing to hold office they shall be deemed to have resigned their membership and the City Council may notify the secretary of any replacement(s) who shall then become the City Council

Members. The City Council may notify the secretary of the Company at any time of its desire to remove and/or replace its nominated Member(s).

- 3.11 The LSC Member shall be either LSC itself or such person as LSC's governing board may nominate. In either case LSC shall give written notice of the same to the secretary of the Company whereupon the same shall become the LSC Member. LSC's governing board may give written notice to the secretary of the Company of its desire to remove and/or replace the LSC Member whereupon any such removal and/or replacement shall become effective.
- 3.12 The BL Member shall be either BL itself or such person as BL's governing board may nominate. In either case BL shall give written notice of the same to the secretary of the Company whereupon the same shall become the BL Member. BL's governing board may give written notice to the secretary of the Company of its desire to remove and/or replace the BL Member whereupon any such removal and/or replacement shall become effective.
- 3.13 A member can resign at any time by giving a written notice of resignation to the board of directors such resignation to be effective 30 days after the date of such notice unless the Board agrees otherwise.
- 3.14 No person may become a member if they are Prohibited Person and each individual who wishes to be a member must complete a status declaration in a form approved by the Board. A member of the Company shall cease to be a member in the event of him being or becoming a Prohibited Person or in the event of:
 - 3.14.1 such member's retirement or resignation, by the giving of written notice to the Company;
 - 3.14.2 where such member is also a director, he ceases to be a director (save where the body nominating him agrees in writing that such member continue as a member but not a director);
 - 3.14.3 such member's death, or being a corporation, its winding up or, being an unincorporated association, its dissolution;
 - 3.14.4 in the case of a PS Member and a Community Member only, the passing of a resolution to remove them as a member by a simple majority of the Board present at a properly convened meeting; or
 - 3.14.5 such member is, or may be, suffering from a mental disorder and either:

3.14.5.1 such member is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or

3.14.5.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or

3.14.6 such member is deemed to have resigned pursuant to Article 23.

3.15 Unless otherwise determined by a special resolution (and subject to Article 23), the number of members shall be no more than 26. Subject thereto, the Board shall admit to membership such additional members as it shall by simple majority accept, provided that such proposed member has previously been approved in writing by AWM.

3.16 Membership shall not be transferable.

4. GENERAL MEETINGS

4.1 The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year, and shall specify the meeting as such in the notice calling it; and not more than 15 months shall elapse between the date of one annual general meeting and that of the next. Provided that so long as the Company holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation. The annual general meeting shall be held at such time and place as the directors shall appoint. All general meetings other than annual general meetings shall be called extraordinary general meetings.

4.2 The board may call extraordinary general meetings.

4.3 If at any time there are not within the United Kingdom sufficient directors capable of acting to form a quorum, any director or any two members of the Company may convene an extraordinary or annual general meeting in the same manner as nearly as possible as that in which such meetings may be convened by the directors.

5. NOTICE OF GENERAL MEETINGS

- 5.1 An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed in accordance with section 369(3) of the Act. The notice shall specify the time and place of the meeting and, only in the case of special business (see Article 5.2 below), the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.
- 5.2 All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of the consideration of the profit and loss account, balance sheet, and the reports of the directors and auditors and the appointment of and the fixing of the remuneration of the auditors.
- 5.3 Notwithstanding that the Company does not have a share capital every notice convening a general meeting shall comply with the provisions of section 372(3) of the Act as to giving information to members in regard to their right to appoint proxies; and notices of and other communications relating to any general meeting which any member is entitled to receive shall be sent to all members and directors and to the auditors for the time being of the Company.

6. PROCEEDINGS AT GENERAL MEETINGS

- 6.1 Subject to Articles 6.2 and 6.3, no business shall be transacted at any general meeting unless a quorum is present. A quorum shall be a number equal to half of the members from time to time (rounded up in the case of a fraction). Members must be present in person (if individuals) or by an authorised officer. There shall be **no right to appoint proxies**.
- 6.2 If a quorum is not present within half an hour from the time appointed for a general meeting the general meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine; and if at the adjourned general meeting a quorum is not present within half an hour from the time appointed the member or members present in person or by duly authorised representative (where appropriate) entitled to vote upon the business to be transacted shall constitute a quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

6.3 The Chairman of the directors appointed pursuant to Article 13 (or in his absence the vice chairman) shall preside as chairman at every general meeting of the Company, or if there is no such chairman (or vice chairman), or if either shall not be present within 15 minutes after the time appointed for the holding of the meeting or is unwilling to act, or unable to attend, the directors present shall elect one of their number to be chairman of the meeting. If no director is willing to act as chairman or if no director is present within 15 minutes after the time appointed for holding the general meeting, the members present shall choose one of their number to be chairman of the meeting.

6.4 A director shall, notwithstanding that he is not a member, be entitled to attend and speak at any general meeting.

6.5 The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business which might properly have been transacted at the meeting had the adjournment not taken place.

6.6 Subject to the provisions of Articles 15 and 23, at any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless before, or on the declaration of the result of the show of hands, a poll is duly demanded. Subject to the provisions of the Act, a poll may be demanded:

6.6.1 by the chairman of the meeting; or

6.6.2 by AWM or by at least 2 other members having the right to vote at the meeting,

and a demand by or a duly authorised representative for a member shall be the same as a demand by the member.

6.7 Unless a poll is duly demanded a declaration by the chairman that a resolution has been carried or carried unanimously, or by a particular majority, or lost, or not carried by a particular majority and an entry to that effect in the minutes of the meeting of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

6.8 In the case of an equality of votes, whether on a show of hands or on a poll (but subject always to Article 15) the chairman of the meeting **shall not** be entitled to a **casting vote**.

- 6.9 Any member may participate in a meeting of the members by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Act, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

7. VOTES OF MEMBERS

- 7.1 Subject to Article 6.8, Article 15 and Article 23, on a show of hands or on a poll every member (being an individual) present in person or (not being an individual) present by a duly authorised representative shall have one vote and on a poll every member present shall have one vote.
- 7.2 The provisions of Article 23 shall limit the voting rights of members associated with a local authority.

8. COMPLIANCE WITH THE ZIP AND BOARD RULES

- 8.1 Subject to Article 15, the members and directors shall procure that the business of the Company and any of its subsidiaries or other interests from time to time are conducted in all material respects in accordance with the Current ZIP and Board Rules.
- 8.2 Subject to the provisions of Article 15 (and the overriding objects of the Company described in the Company's Memorandum of Association from time to time) the board may from time to time adopt (and amend or replace) such rules as they deem necessary or expedient or convenient for the proper conduct and management of the Company and having previously obtained AWM's written consent to the same.

9. NUMBER OF DIRECTORS

- 9.1 Unless and until otherwise unanimously agreed by the Board (and subject to Article 23) the number of directors shall not more than 26 of which:
- 9.1.1 one may be the AWM Director;
- 9.1.2 one may be the County Council Director;
- 9.1.3 one may be the Borough Council Director;

9.1.4 Up to three may be the City Council Directors;

9.1.5 one may be the LSC Director;

9.1.6 one may be the BL Director;

9.1.7 up to two may be the HE Directors;

9.1.8 one may be the FE Director;

9.1.9 one may be the Health Director;

9.1.10 one may be the Chamber Director;

9.1.11 up to five may be PS Directors; and

9.1.12 up to four may be Community Directors.

10. APPOINTMENT AND RETIREMENT OF DIRECTORS AND OBSERVERS

10.1 All of the following Article is subject to Article 23.

10.2 No person may be appointed a director if they are a Prohibited Person and each director must lodge a declaration of status with the Company in a form approved by the Board.

10.3 The AWM Director may be nominated by AWM's own board and such nominated person may be removed and replaced by AWM's board at anytime. In all such cases such nomination, removal or replacement shall be notified to the secretary in writing and then endorsed by the Board.

10.4 The Borough Council and the County Council and the City Council may each nominate one (and in the case of the City Council only they may nominate three) person(s) to be director(s) of the Company and each Council may remove and replace those nominated person(s) at any time. In all cases such nomination, removal or replacement shall be notified to the secretary in writing and then endorsed by the Board.

10.5 The LSC Director may be nominated by LSC's own board and such nominated person may be removed and replaced by LSC's board at anytime. In all such cases such nomination, removal or replacement shall be notified in writing to the Secretary and endorsed by the Board.

- 10.6 The BL Director may be nominated by BL's own board and such nominated person may be removed and replaced by BL's board at anytime. In all such cases such nomination, removal or replacement shall be notified in writing to the Secretary and endorsed by the Board.
- 10.7 The two HE Directors shall be nominated (one each) by the Vice-Chancellors of University of Keele and Staffordshire University (in each case after consulting with their own Councils or equivalent senior management teams). Such nominated person may be removed and replaced by the same process. In all such cases such nomination, removal or replacement shall be notified in writing to the secretary and then endorsed by the Board.
- 10.8 The Board may by majority decision, and after following any Board Rules that may relate to identification and selection procedures (if any), appoint as directors up to 5 private sector persons (each to be a PS Director).
- 10.9 The Board may by majority decision, and after following any Board Rules that may relate to identification and selection procedures (if any), appoint as directors up to 4 community sector persons (each to be a Community Director).
- 10.10 The governing board of the North Staffordshire Concordat for Post 16 Education (or its equivalent replacement body from time to time) may by written notice to the Secretary of the Company nominate one person to be appointed as a director of the Company and they may similarly remove or replace such nominated person. Such nominated person shall forthwith following such notification become the "FE Director".
- 10.11 The governing board of the North Staffordshire Chamber of Commerce and Industry (or its equivalent replacement body from time to time) may by written notice to the Secretary of the Company nominate one person to be appointed as a director of the Company and they may similarly remove or replace such nominated person. Such nominated person shall forthwith following such notification become the "Chamber Director".
- 10.12 The governing board of the Shropshire and Staffordshire Strategic Health Authority (or its equivalent replacement body from time to time) may by written notice to the Secretary of the Company nominate one person to be appointed as a director of the Company and they may similarly remove or replace such nominated person. Such nominated person shall forthwith following such notification become the "Health Director".

- 10.13 The members may by ordinary resolution and with the consent of AWM appoint any other person or persons who are willing to act (and in each case who is not a Prohibited Person) to be a director either to fill a vacancy or as an **additional director** including the appointment of a director for a fixed term provided that the appointment does not cause the number of directors to exceed any number fixed by these Articles as the maximum number of directors.
- 10.14 At the first annual general meeting all the Community Directors and PS Directors shall (subject always to their right to be re-appointment described in this Article 10) retire from office, and at every subsequent annual general meeting one-third of the Community Directors and one-third of the PS Directors who are subject to **retirement by rotation** or, if in each case their number is not three or a multiple of three, the number nearest to one-third shall retire from office; but , if there is only one Community Director or only one PS Director who is subject to retirement by rotations, he shall retire.
- 10.15 The Community Directors and PS Directors to retire by rotation shall be those who have been longest in office since their last appointment (or reappointment following expiry of their term), but as between persons who became or were last reappointed directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- 10.16 If the Company, at the meeting at which a director retires by rotation, does not fill the vacancy the retiring Community Director and/or PS Director shall, if he/she has indicated a willingness to act, be deemed to have been reappointed unless at the meeting it is resolved not to fill the vacancy or unless a resolution for the reappointment of the director is put to the meeting and lost.
- 10.17 Any PS Director or Community Director who retires by rotation is eligible for re-election once only, such re-election being by simple majority of the members at the annual general meeting at which he retires and provided also that his reappointment has the approval of the Board.
- 10.18 The following bodies (or their equivalent replacement body from time to time) may notify the secretary in writing of one person to be their **"Board Observer"** and such persons may be removed and replaced by their respective nominators at any time. Each Board Observer shall receive notice of all Board and members' meetings and be entitled to attend and speak (but not vote) at any such meetings:

10.18.1 English Partnerships;

10.18.2 Government Office for the West Midlands; and

10.18.3 RENEW North Staffordshire.

11. ALTERNATE DIRECTORS

- 11.1 It is intended that Board members attend personally and accordingly. The directors shall not be permitted to appoint alternates unless (in exceptional circumstances) all the directors agree.

12. DISQUALIFICATION AND REMOVAL OF DIRECTORS

In addition to any obligation to retire by rotation described in Article 10, the office of a director shall (unless all of the directors agree otherwise) be immediately vacated by anyone who is or becomes a Prohibited Person or if:

- 12.1 he dies or he ceases to be a director by virtue of any provision of the Act or these Articles or he becomes prohibited by law from being a director; or
- 12.2 he is, or may be, suffering from mental disorder and either:
- 12.2.1 he is admitted to hospital in pursuance of an application for admission for treatment under the Mental Health Act 1983 or, in Scotland, an application for admission under the Mental Health (Scotland) Act 1960; or
- 12.2.2 an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs; or
- 12.3 he resigns his office by notice to the Company; or
- 12.4 where he is also a member, he ceases to be a member (save where the body nominating him as a director agrees in writing that he shall continue as a director but not a member);
- 12.5 he shall for more than seven consecutive months have been absent without permission of the directors from meetings of directors held during that period and the directors resolve that his office be vacated; or
- 12.6 in the case of a PS Director or Community Director only the Board members determine by ordinary resolution that such director shall vacate his office; or
- 12.7 in the case of a director appointed for a fixed term, at the end of that fixed term; or
- 12.8 he shall be deemed to have resigned by operation of Article 23.

13. PROCEEDINGS OF THE DIRECTORS

- 13.1 Subject to the provisions of these Articles and the Company's Memorandum of Association, the board of directors may meet together for the despatch of business, adjourn and regulate their meetings as they think fit. Any director may, and the secretary at the request of a director shall, call a meeting of the directors. A minimum of four board meetings shall be held each year; with not more than four months between each meeting (unless all the directors agree otherwise). Subject to any provisions to the contrary in these Articles, questions arising at any meeting shall be decided by a majority of votes and each director shall have one vote. In case of an equality of votes, the Chairman **shall not** have a second or **casting vote** (other than in the circumstances described in Article 13.2).
- 13.2 Any decision about the content of the draft Annual ZIP that is to be prepared in accordance with the Board Rules shall be by a majority of two thirds or more (rounding up in the case of fractions) of those Board members present at the Board meeting at which the same is discussed. Otherwise, in the case of ordinary Board business (and subject always to the limitations in these Articles, in particular Article 15) all decisions shall be by simple majority. In the case of deadlock over such ordinary business the Chairman shall call a poll of those present and if the matter remains deadlocked the matter shall be deferred until the next Board meeting to be called by the Chairman within five weeks of the meeting at which the deadlock arose if no meetings is otherwise scheduled to be held within that time. If at such later meeting the matter remains deadlocked after a poll is called, then the Chairman may (if he chooses) exercise a second casting vote to resolve the matter.
- 13.3 Subject to Article 13.4, no business shall be transacted at any board meeting unless a quorum is present. A quorum shall be half of all the directors holding office from time to time (rounded up where this results in a fraction) present in person. Continuing directors or a sole continuing director may act notwithstanding any vacancies in their number, but, if the number of directors is less than the number fixed as the quorum, they may act only for the purpose of filling vacancies, or of calling a general meeting.
- 13.4 If a quorum is not present within half an hour from the time appointed for a board meeting the board meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place as the directors may determine; and if at the adjourned board meeting a quorum is not present within half an hour from the time appointed the director or directors present in person or (being a corporation) by duly authorised representative shall constitute a

quorum and shall have power to decide upon all matters which could properly have been disposed of at the meeting from which the adjournment took place.

- 13.5 Unless all the directors agree otherwise, meetings of the board of directors and any committee or sub-committee thereof shall be summoned by not less than four business days' notice served on the directors and in the case of any committee or sub-committee meetings, on the members of such committee or sub-committee. Any such notice must include an agenda of the matters to be discussed at any such meeting and, unless all the directors present at the relevant meeting so decide, no matter may be discussed or voted on which is not included in any such agenda. A director who is absent from the United Kingdom shall not be entitled to notice of a meeting however if such person is the AWM Director then AWM must be notified in his place and may send an observer.
- 13.6 Any director may participate in a meeting of the directors or a committee of the directors of which he is a member by means of a conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall be deemed to constitute presence in person at such meeting and, subject to these Articles and the Act, he shall be entitled to vote and be counted in a quorum accordingly. Such a meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.
- 13.7 Unless the Board approves a separate board policy on codes of conduct, or conflicts of interest, or similar (in which case such board policy shall prevail), the remainder of this Article 13.7 shall apply. The Company shall cause to be maintained a register of interests declared by the directors that shall be open for inspection by all members and all directors. Subject to the provisions of the Act, and provided that he has disclosed in writing to the directors the nature and extent of any interest of his (such interest be recorded on the aforesaid register of interests), a director notwithstanding his office and provided he is ever mindful of his primary duty to act in the best interests of the Company:
- 13.7.1 may be a party to or otherwise interested in any transaction or arrangement with the Company or in which the Company is in any way interested;
- 13.7.2 may be a director or other officer of or employed by or be a party to any transaction or arrangement with or otherwise interested in any body corporate promoted by the Company or in which the Company is in any way interested;

13.7.3 may or any firm or company of which he is a member or director may act in a professional capacity for the Company or any body corporate in which the Company is in any way interested; and

13.7.4 shall not by reason of his office be accountable to the Company for any benefit which he derives from such office, service or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit.

13.8 For the purposes of Article 13.7:

13.8.1 a general notice to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such transaction of the nature and extent so specified:

13.8.2 an interest of which a director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his; and

13.8.3 an interest of a person who is for any purpose of the Act (excluding any statutory modification not in force when the Company was incorporated) connected with a director shall be treated as an interest of the director and in relation to an alternate director an interest of his appointor shall be treated as an interest of the alternate director without prejudice to any interest which the alternate director has otherwise.

13.9 Whenever a director has an interest in a matter to be discussed at a meeting of the board of directors (or a committee of the board of directors) the director concerned shall:

13.9.1 declare such interest at or before discussions begin on the matter and the Chairman of the meeting shall record such interest in the minutes of the meeting;

13.9.2 unless the board of directors resolve otherwise:

13.9.2.1 withdraw from the meeting for that item;

13.9.2.2 not be counted in the quorum for that part of the meeting;

13.9.2.3 not be entitled to vote on the matter.

Appointment of Chairman

- 13.10 The Chairman shall remain in office (unless removed by a vote of the board passed with the consent of the AWM Director) for the period described in this Article after which he shall resign and be eligible (if willing to act) to be re-elected to the position. The Board shall appoint such of their number as they deem has recent, relevant and appropriate private business sector experience to be the Chairman by simple majority decision (and subject to this Article 13.10 they shall consider, without obligation, any previous Chairman who has indicated a willingness to be re-appointment as Chairman). Upon acceptance such selected person shall (if willing to act) become the "Chairman" and shall remain in office until the Board meeting immediately prior to the second annual general meeting (ignoring any annual general meeting that occurs within one month of his appointment) following the meeting at which he is appointed (i.e. typically a 2 year term) when he shall resign and be eligible for reappointment. Provided always that no person may be reappointed more than once in succession (i.e. no person to serve more than two consecutive terms).
- 13.11 The provisions of Article 23 shall apply to limit the voting powers of the County Council Director and the Borough Council Director and City Council Director and any other directors associated with a local authority.
- 13.12 The Board shall procure the circulation to each member (at least every three months) of details of the Company's and Project's financial status and summary details of significant projects, in each case in such reasonable format as the board or AWM may request. The Board shall also procure the circulation to each member of a copy of all minutes of all members' and all directors' meetings within 10 business days of each meeting.

14. POWERS AND OPERATION OF THE BOARD

- 14.1 Subject to the provisions of the Act, the Memorandum of Association, the Board Rules and these Articles the business of the Company shall be managed by the Board who (subject to Article 8 and Article 15) may exercise all the powers of the Company.
- 14.2 In addition and with the prior consent of AWM, the Board may:
- 14.2.1 determine (after taking appropriate advice) that any particular aspect of the Project should be carried out through a separate subsidiary or through any trust, partnership or other contractual relationship (each being referred to as

a "Subsidiary Body") that is felt to be most suitable for the efficient delivery of such aspect provided always that the Company shall procure that appropriate Articles of Association or other rules are adopted in relation to such Subsidiary Body to ensure that it does not become a local authority influenced company as described in Section 69 of the Local Government and Housing Act 1989 or any equivalent replacement legislation;

- 14.2.2 delegate any of its powers to committees or sub-committees consisting of such director or directors as the Board thinks fit, provided that each committee or sub-committee shall include the AWM Director (unless AWM agrees otherwise), and any committee or sub-committee so formed shall, in the exercise of the powers so delegated, conform to any regulations imposed on it by the Board. The meetings and proceedings of such committee or sub-committee shall be governed by the provisions of these Articles for regulating the meetings and proceedings of the board of directors so far as applicable and so far as the same shall not be superseded by any regulations made by the board of directors. Insofar as such power is so delegated, any reference in these Articles to the exercise by the directors of such power shall be read and construed as if it were a reference to such committee or sub-committee.

15. SIGNIFICANT TRANSACTIONS

- 15.1 Prior to the agreement and adoption of the first Current ZIP, no action shall be taken by or on behalf of the Company and no resolution shall be carried at any meeting (whether a meeting of members or directors) unless AWM have given their prior approval.
- 15.2 Following the adoption of the first Current ZIP the business and activities of the Company shall (and the Company shall procure that any subsidiaries shall) be conducted in pursuit of the Current ZIP and notwithstanding these general constraints, the Company shall not (and shall procure that any subsidiaries shall not) undertake any of the following without the prior written consent of AWM and after careful consideration of any conflict with the Company's objects described in its Memorandum of Association:
- 15.2.1 undertake any matters which constitute a fundamental change to the Project (including fundamental changes to the areas of land and properties to be developed) or the business of any Group Company;

- 15.2.2 enter into any material agreement other than with AWM or as may be clearly anticipated by the Current ZIP and/or any which are not on an arm's length basis;
- 15.2.3 use funding or assets provided by AWM in a manner which AWM acting reasonably indicates is not in accordance with the purposes for which such funding or assets were obtained;
- 15.2.4 adopt or amend the Board Rules, the Current ZIP, or the provisions of the Memorandum of Association or the Articles of Association of any Group Company;
- 15.2.5 establish any subsidiaries;
- 15.2.6 where the Company establishes any subsidiaries: issue or transfer any shares in the capital of such subsidiary to any person (where the subsidiary is a company limited by shares) or admit any person to membership or remove any member (where the subsidiary is a company limited by guarantee), or appoint or remove any directors of any such subsidiaries;
- 15.2.7 pay any director any remuneration (other than reimbursement of reasonable expenses);
- 15.2.8 change the accounting reference date of any Group Company;
- 15.2.9 change the accounting policies principles or practices or bases of the any Group Company;
- 15.2.10 incur any material expenditure unless such expenditure is within the budget for such expenditure in the Current ZIP or unless it is covered by any available contingency for that year;
- 15.2.11 grant or permit to arise or to continue any mortgage, charge, debenture or lien over the whole or any part of its assets, property or undertaking;
- 15.2.12 borrow any money;
- 15.2.13 enter into any agreement or arrangement in the nature of a joint venture, partnership or consortium;
- 15.2.14 adopt their annual accounts;
- 15.2.15 make any loan to or give or provide any guarantee or collateral mortgage charge debenture or other security (including any letter of set off or

postponement) on behalf of any other person firm or corporation which is not a subsidiary of such company;

15.2.16 dispose of or acquire any property or other asset at anything other than best consideration (taking into account the value of both tangible and intangible benefits obtained);

15.2.17 declare or pay any dividend or other distribution nor make or allow to be made any distribution to members;

15.2.18 institute any litigation (other than debt collection in the ordinary course of business);

15.2.19 commence any proceedings or pass any resolutions to wind up any Group Company other than as described in these Articles; and

15.2.20 put out to tender any contract.

15.3 For the avoidance of doubt the Company shall be under no obligation to seek or obtain the consent of AWM in respect of any project for which the source of funding will be solely monies from SRB6 and under £250,000.

16. **DEADLOCK**

16.1 AWM shall be free to withhold its consent to any of the matters described in Article 15. Where AWM delays withholds or refuses any such consent it shall as soon as practicable after any refusal (and if requested by another director or member) state in writing to the board its reasons for such refusal.

16.2 If within 21 days after circulation of the reasons for AWM withholding their consent to any of the matters referred to in Article 16.1 agreement has still not been reached with AWM then:-

16.2.1 the matter may be referred for an independent (non binding) opinion by any director to such independent person as all the board agree, or in the event of a failure to agree within 2 working days, to such expert as, upon application by any director, is nominated by the President at that time of the Chartered Institute of Arbitrators; in either case such person being "the Expert". The Expert shall act as an expert and not an arbitrator and may seek advice from other experts as he/she feels is necessary in arriving at their opinion. The cost of the Expert's opinion shall be borne by the Company;

16.2.2 the Expert shall be asked to deliver their opinion (if they have one) to each director and to AWM itself as soon as possible, and if possible within 10 working days;

16.2.3 AWM and the board shall then consider and discuss the Expert's opinion (if any) over a period of a further 10 working days in an attempt (without any obligation) to find a resolution.

17. **SECRETARY**

Subject to the provisions of the Act, the secretary shall be appointed by the directors and with the consent of AWM for such term, such remuneration/honorarium and upon such conditions as they think fit, and any secretary so appointed may be removed by them (with the consent of AWM), provided always that no director may hold office as secretary where such office is remunerated.

18. **THE SEAL**

The Company shall not (and shall procure that its subsidiaries shall not) use or adopt a seal. Any documents requiring execution as a deed shall be executed by any two directors or by any director and the company secretary.

19. **MINUTES**

19.1 The directors shall cause minutes to be made in books kept for the purposes of:

19.1.1 recording the names and addresses of all the members;

19.1.2 all appointments to executive offices made by the directors;

19.1.3 all proceedings at meetings of the Company and of the directors and of any committees constituted pursuant to Article 14 including the names of directors and members present at each such meeting.

20. **NOTICES**

20.1 Any notice to be given to or by any person pursuant to these Articles shall be in writing.

20.2 The Company may give notice to a member either personally or by sending it by first class post in a pre paid envelope addressed to the member at his registered address or by leaving it at that address or (if he has no registered address in the United Kingdom) to or at that address, if any, within the United Kingdom supplied by him to

the Company for the giving of notices to him, but otherwise no such member shall be entitled to receive any notice from the Company.

20.3 Where a notice is sent by first class post, proof of the notice having been posted in a properly addressed, prepaid envelope shall be conclusive evidence that the notice was given and shall be deemed to have been given at the expiration of 24 hours after the envelope containing the same is posted.

20.4 If at any time by reason of the suspension or curtailment of postal services within the United Kingdom the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a notice advertised in at least one national daily newspaper and such notice shall be deemed to have been duly served on all members entitled thereto at noon on the day when the advertisement appears. In any such case the Company shall send confirmatory copies of the notice by post if at least seven days prior to the meeting the posting of notices to addresses throughout the United Kingdom again becomes practicable.

21. WINDING UP

21.1 The Company and its subsidiaries shall be wound up voluntarily only at such time as 75% of the members including AWM agree.

21.2 If the Company and its subsidiaries are to be wound up, whether pursuant to the provisions of this Article 21 otherwise then subject to the discharge of all liabilities of all Group Company's or the retention of sufficient reserves to discharge the same and to pay the costs of winding up the Company and its subsidiaries the remaining assets of the Group Companies that are available for lawful distribution to the members ("the Distributable Assets") shall be distributed to AWM alone in cash or in such other lawful manner as AWM may determine.

22. INDEMNITY

22.1 Subject to the provisions of section 310 of the Act every director (including an alternate director) or other officer of the Company shall be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the lawful execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 144 or section 727 of the Act in which relief is granted to him by the court, and no director (including an alternate director) or other officer shall be liable for any loss, damage or misfortune

which may happen to or be incurred by the Company in the lawful execution of the duties of his office or in relation thereto.

22.2 The directors shall have power to purchase and maintain for any director, (including an alternate director) officer or auditor of the Company insurance against any such liability as is referred to in section 310 (1) of the Act and, subject to the provisions of the Act, against any other liability which may attach to him or loss or expenditure which he may incur in relation to anything done or alleged to have been done or omitted to be done as a director, (including as an alternate director) officer or auditor.

22.3 The directors may authorise the directors of companies within the same group of companies as the Company to purchase and maintain insurance at the expense of the Company for the benefit of any director (including an alternate director), other officer or auditor of such company in respect of such liability, loss or expenditure as is referred to in Article 22.1.

23. **AVOIDING INFLUENCED COMPANY STATUS**

23.1 No person who is a "Local Authority Associated Person" (meaning any person associated with any local authority in accordance with Section 69 of the Local Housing and Government Act 1989) is eligible to be appointed to the office of director unless appointed to such office by the Local Authorities to which he or she is associated or unless all the directors consent.

23.2 If at the time of either his becoming a member of the Company or his first appointment to office as a director any member or director was not a Local Authority Associated Person but later becomes so during his membership or tenure as a director he shall be deemed to have immediately resigned his membership and/or from his office as a director as the case may be, unless all the directors consent.

23.3 The members will each notify the Company and each other if at any time they believe that any Group Company has become subject to the influence of a local authority (as described in Section 69 of the Local Government and Housing Act 1989) ("an Influenced Company").

23.4 Notwithstanding any other provision of these Articles, at any time when the Company or any Group company has (perhaps inadvertently) become an Influenced Company then on any vote at any general meeting of the Company (and the Company shall use its influence to procure the same restrictions apply to all other Group companies) the total aggregate voting rights of any members who are a local authority or are associated with a local authority shall be deemed not to exceed 19% of the total voting rights of all members having the right to vote at the general

meeting. The aggregate voting rights of such local authorities and any persons who are associated with local authorities shall be limited accordingly and the votes of the other members having a right to vote at the meeting will be increased on a pro-rata basis.

- 23.5 Notwithstanding any other provision of these Articles, at any time when the Company or any Group company has (perhaps inadvertently) become an Influenced Company then, in relation to the Company (and the Company shall use its influence to procure the same in relation to any Group company) on any vote at a meeting of the board of directors of the Influenced Company the total aggregate voting rights of any directors associated with any local authorities shall not exceed 19% of the total voting rights exercisable at the meeting and the voting rights of such persons shall be limited accordingly and the votes of the other directors having a right to vote at the meeting will be increased on a pro-rata basis.
- 23.6 The provisions of this Article 23 may be disapplied if the Board so resolves with the consent of each of the Borough Council, the City Council and the County Council.