

THE COMPANIES ACT 1985

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION
OF
SALIX HOMES LIMITED

DEFINITIONS AND INTERPRETATION

1. In the Articles unless the context otherwise requires –

"the Act"	Means the Companies Act 1985 (as amended by the Companies Act 1989) and any statutory modification or re-enactment thereof for the time being in force.
"the Articles"	Means these Articles of Association as originally adopted or as altered from time to time.
"Board"	Means the Board of Directors of the Organisation from time to time.
"Board Members"	Means the directors for the time being of the Organisation.
"Chair"	Means the chair of the Organisation appointed pursuant to Articles 33(1) or 33(2) or in his absence any vice or deputy chair appointed pursuant to Article 33(3).
"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.
"Council Board Member"	Means a Board Member appointed by the Council pursuant to Article 15.
"Council "	Means Salford City Council or any successor body thereto who shall be the sole member of the Organisation.
"Executed"	Means in relation to any contract, agreement or other document consent thereto and includes any mode of execution.
"Independent Board Member"	Means a Board Member appointed pursuant to Article 17.
"Local Authority Person"	Means any person - (i) who is a member of the Council ; or (ii) who is an officer of the Council who is responsible for the provision of advice to the Council, through its Committees, Sub-Committees or Executive or who exercises any housing function.
"Member of the Council "	Means a person elected as a Councillor for the time being of the Council.
"Office"	Means the registered office of the Organisation.
"Officer of the Organisation"	Means a person employed by the Organisation.
"Organisation"	Means Salix Homes Limited.
"the Seal"	Means the common seal of the Organisation.
"Secretary"	Means the secretary of the Organisation or any other person appointed to perform the duties of the secretary of the Organisation, including a joint, assistant or deputy secretary.
"Tenant"	Means a person who holds a secure or introductory tenancy or lease of a residential property from and occupies a

	property belonging to the Council.
"Customer Board Member"	Means a Board Member appointed pursuant to Article 16.
"Tenant Federation"	Tenant Federation for Central Salford or similar or equivalent body
"the United Kingdom"	Means Great Britain and Northern Ireland.

2. (1) Unless the context otherwise requires, words or expressions contained herein bear the same meaning as in the Act but excluding any statutory modification thereof not in force when the Articles become binding on the Organisation.
- (2) In these Articles words importing individuals shall, unless the context otherwise require, include corporations and words importing the singular number shall include the plural, and vice versa, and words importing the masculine gender shall include the feminine gender.

ADMISSION OF MEMBERS

3. No person other than the Council shall be admitted to membership of the Organisation.
4. The Council shall nominate a person to act as its representative in the manner provided in Section 375 of the Act. Such representative shall have the right on behalf of the Council to attend all general meetings of the Organisation and vote thereat, and generally exercise all rights of membership on behalf of the Council. The Council may from time to time revoke the nomination of such representative, and nominate another representative in his place. All such nominations and revocations shall be in writing.
5. The rights of the Council shall be personal and shall not be transferable.

GENERAL MEETINGS AND RESOLUTIONS

6. All general meetings other than annual general meetings shall be called extraordinary general meetings.
7. The Board Members may call general meetings and, on the requisition of the Council pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the United Kingdom sufficient Board Members to call a general meeting, any Board Member or the Council may call a general meeting.

8. (1) An Annual General Meeting and an Extraordinary General Meeting not called on the requisition of the Council pursuant to Article 7 shall be called by at least twenty-one clear days' notice or by shorter notice if it is so agreed by the Council.
 - (2) The notice shall specify the time and place of the Meeting and, in the case of an Annual General Meeting, shall specify the Meeting as such.
 - (3) The notice shall be given to the Council and to the Board Members and auditors.
9. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.
10. No business shall be transacted at any general meeting unless a quorum is present. The presence of a duly authorised representative of the Council shall be a quorum.
11. If the Council makes a decision which is required to be taken in a general meeting or by means of a written resolution, that decision shall be valid and effectual as if agreed by the Organisation in general meeting. Any decision taken by the Council pursuant to this Article 11 shall be recorded in writing and delivered by the Council to the Organisation for entry in the Organisation's minute book.
12. An entry in the Organisation's minute book stating that a resolution has been carried or lost in the minutes of any meeting shall be conclusive evidence of the fact.

NUMBER OF BOARD MEMBERS

13. (1) The number of Board Members shall be twelve.
 - (2) Four Board Members shall be Council Board Members.
 - (3) Four Board Members shall be Customer Board Members.
 - (4) Four Board Members shall be Independent Board Members.
 - (5) No more than five Board Members shall be Local Authority Persons.
 - (6) No more than five Board Members shall be Tenants.
 - (7) In the event that the number of Board Members shall be less than the numbers specified in this Article 13 the remaining Board Members shall use reasonable endeavours to appoint further Board Members and may act notwithstanding this Article.

APPOINTMENT AND REMOVAL OF BOARD MEMBERS BY THE COUNCIL

14. (1) Notwithstanding any other provisions in these Articles, the Council shall have power at any time by notice in writing to the Secretary to appoint and remove any Board Member.

APPOINTMENT AND REMOVAL OF COUNCIL BOARD MEMBERS BY THE COUNCIL

15. (1) Subject to Articles 13, 14, 18 and 19 the Council shall from time to time appoint four Council nominees as Council Board Members and shall have the power to remove from office any such Council Board Member PROVIDED ALWAYS that a Tenant who is a member of the Council shall not be a Council Board Member but may be appointed as a Customer Board Member.
- (2) Appointment or removal pursuant to Article 15(1) shall be effected by an instrument in writing signed on behalf of the Council delivered to the registered office of the Organisation and shall take effect upon receipt or such later date as may be specified in the instrument.

APPOINTMENT, REMOVAL, RETIREMENT AND ELECTION OF CUSTOMER BOARD MEMBERS

16.

- (1)(a) At the second annual general meeting of the Organisation, one Customer Board Member shall retire;
- (b) at the third annual general meeting, a further one Customer Board Member, shall retire, and
- (c) at the fourth annual general meeting, a further two Customer Board Members shall retire

and so forth such that the Customer Board Members shall subsequently retire in a rotation which mirrors that in sub-paragraphs (a) to (c).

- (2) The Customer Board Members to retire at any such subsequent annual general meeting shall be those who have been longest in office since they last became Customer Board Members, but as between persons who became Board Members on the same day those to retire shall be chosen by lot PROVIDED THAT where a Customer Board Member is appointed as a consequence of the death or retirement (other than by operation of this sub-paragraph) of another Customer Board Member ("the Predecessor"), the period of time for which the Customer Board Member shall have held office shall, for the purposes only of this Article 16(2) be deemed to include the period since the last election or appointment of the Predecessor.

- (3) Prior to every relevant annual general meeting, the selection of individuals shall be overseen by the Tenants Federation to be appointed thereat; the mode and manner of such selection and appointments shall be agreed between the Council, the Board and the Tenants Federation and shall be subject at all times to compliance with Article 13.
- (4) The company secretary shall announce the results of the selection process referred to in Article 16(3) at each relevant annual general meeting and the Customers so elected shall be duly appointed as Customer Board Members.
- (5) Subject to Article 16 (1) – (3) the Board may appoint any eligible person nominated by the Tenants Federation who is willing to act as a Customer Board Member to fill a vacancy until the next annual general meeting.

APPOINTMENT AND RETIREMENT OF INDEPENDENT BOARD MEMBERS

17.

- (1) (a) At the second annual general meeting of the organisation, one Independent Board Member shall retire;
- (b) at the third annual general meeting, a further two Independent Board Member, shall retire, and
- (c) at the fourth annual general meeting, a further one Independent Board Member shall retire

and so forth such that the Independent Board Members shall subsequently retire in a rotation which mirrors that in sub-paragraphs (a) to (c).

- (2) The Independent Board Members to retire at any such subsequent annual general meeting shall be those who have been longest in office since they last became Independent Board Members but as between persons who became Board Members on the same day the person to retire shall be chosen by lot PROVIDED THAT where an Independent Board Member is appointed as a consequence of the death or retirement (other than by operation of this sub-paragraph) of another Independent Board Member (“the Predecessor”), the period of time for which the Independent Board Member shall have held office shall, for the purposes only of this Article 17(2) be deemed to include the period since the last election or appointment of the Predecessor.

- (3) If, at the meeting at which a Board Member retires in accordance with Article 17(1), there are no other candidates to fill the post the retiring Board Member shall, if willing to act, be deemed to have been re-appointed unless a resolution not to reappoint the Board Member is passed by the meeting.
- (4) No person other than an Independent Board Member retiring by rotation shall be appointed as an Independent Board Member at any general meeting unless he is recommended by the Board.
- (5) Subject to Articles 17(1)-(4) the Council may by Ordinary Resolution in general meeting appoint any eligible person who is willing to act as an Independent Board Member.
- (6) Subject to Articles 14, 17 and 19 the Board may appoint any eligible person who is willing to act as an Independent Board Member to fill a vacancy until the next annual general meeting.
- (7) Not less than seven nor more than twenty-eight clear days before the date appointed for holding a general meeting notice shall be given to the Council of any person (other than a Board Member retiring by rotation at the meeting) who is recommended by the Board for appointment or reappointment as an Independent Board Member at the meeting. The notice shall give the particulars of the person who would, if he were so appointed or re-appointed, be required to be included in the Organisation's Register of Board Members.

CASUAL VACANCIES

18. (1) Subject to Articles 13,14,15, 16,17 and 19 the Organisation may by Ordinary Resolution in general meeting appoint any person who is willing to act as a Board Member to fill a vacancy.
- (2) Subject to Articles 13, 14, 15, 16, 17 and 19 the Board may, appoint any person who is willing to be a Board Member to fill a vacancy until the next annual general meeting. The Board may only fill vacancies occurring among Council Board Members where the Council shall have failed within three months of a written request by the Organisation to make the appropriate appointment pursuant to Article 15(1). The Board may only fill vacancies occurring among Customer Board Members where the Tenants Federation shall have failed within three months of a written request by the Organisation to make a nomination to fill such vacancy pursuant to Article 16(5). A Board Member appointed under this Article 18 shall hold office only

until the next following annual general meeting. If not re-appointed at such annual general meeting he shall vacate office at the conclusion thereof.

DISQUALIFICATION AND REMOVAL OF BOARD MEMBERS

19. A person shall be ineligible for appointment to the Board and if already appointed shall immediately cease to be a Board Member if the relevant individual –
- (1) ceases to be a Board Member by virtue of any provision of the Act or becomes prohibited by law from being a company director, or
 - (2) is or becomes a person disqualified from elected membership of a local authority, or
 - (3) becomes bankrupt or makes any arrangement or composition with his creditors generally, or
 - (4) is, or may be, suffering from mental disorder and an order is made by a court having jurisdiction (whether in the United Kingdom or elsewhere) in matters concerning mental disorder for his/her detention or for the appointment of a receiver, curator bonis or other person to exercise powers with respect to his property or affairs, or
 - (5) resigns his office of Board Member by notice to the Organisation, or
 - (6) is removed from his office of Board Member by a resolution (or written notice signed by) at least three quarters of all the other Board Members from time to time, or
 - (7) shall for more than six consecutive months have been absent without permission of the Board from meetings of the Board and for formal Committees held during that period and the Board resolves that his office be vacated, or
 - (8) in any period of 12 months, he shall have been absent (without the permission of the Board Members) from at least 60% of the meetings of Board Members including Committees held during that period and the Board Members resolve that his office be vacated,
 - (9) or in the case of a Customer Board Member he ceases to be a Customer of the Council PROVIDED THAT this Article 19(9)

shall not apply in respect of a Customer Board Member temporarily ceasing to be a Tenant as a result of the demolition of or works carried out to that Customer Board Member's home, or

- (10) is subject to an Order of the Court in favour of the Council in respect of
 - (i) arrears of Council Tax or
 - (ii) arrears of rent due to the Council or
 - (iii) the breach of the obligations contained in any tenancy other agreement with the Council
- (11) is a Council Board Member and is or becomes a Tenant, or
- (12) is a Customer Board Member and is or becomes a Local Authority Person resulting in a breach of Article 13(5), or
- (13) is an Independent Board Member and is or becomes a Tenant or a Local Authority Person, or
- (14) is removed by resolution of the Council pursuant to Article 14.

POWERS OF THE BOARD

- 20. Subject to the provisions of the Act, directions of the Council in general meeting and the Memorandum and Articles, the business of the Organisation shall be managed by the Board who may exercise all the powers of the Organisation. No alteration of the Memorandum or Articles or directions of the Council shall invalidate any prior act of the Board which would have been valid if that alteration had not been made. The powers given by this Article shall not be limited by any special power given to the Board by the Articles and a meeting of the Board at which a quorum is present may exercise all powers exercisable by the Board.
- 21. The Board may, by power of attorney or otherwise, appoint any person to be the agent of the Organisation for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

BORROWING POWERS

22. Subject to Clause 6 of the Memorandum the Board may exercise all the powers of the Organisation to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and to grant any mortgage, charge or other security over its undertaking and property, or any part thereof, and to issue any debenture, whether outright or as security for any debt, liability or obligation of the Organisation or of any third party.

DELEGATION OF BOARD MEMBERS' POWERS AND CO-OPTION

23. (1) The Board may delegate any of their powers to any committee consisting of three or more Board Members together with such other persons as the Board sees fit (but so that Board Members shall constitute a majority). The Board may also delegate to the chair or deputy chair of the Board or of any such committee or to any Officer of the Organisation such of their powers as they consider desirable to be exercised by him. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered at any time. Subject to any such conditions, the proceedings of a committee with three or more members shall be governed by the Articles regulating the proceedings of the Board so far as they are capable of applying except, in the case of a quorum, the quorum of a committee shall be decided by the Board in each particular case.
- (2) The Board may from time to time vote to co-opt up to a maximum of three persons to committees or sub-groups of the Board, two of whom may be executive officers of the Company. The Board may at any time vote to revoke such co-option. Co-opted members shall not have a vote.

LOCAL AREA REPRESENTATION

24. The Board will expand the role of Tenant Representative Associations (TRAs) and the Tenants Federation in the Central Salford, Beechfarm and Rainsough Brow areas and will consider representations/recommendations from these groups. The Constitution, Terms of Reference and Procedural Rules for the Conduct of Meetings of the Tenants Federation shall be revised and agreed between the

Organisation, the Council and The Tenants Federation or Tenant Bodies recognised by the Council including TRAs.

ALTERNATE BOARD MEMBERS

25. No Board Member shall be entitled to appoint any person as an alternate Board Member.

BOARD MEMBERS' EXPENSES

26. Subject to clause 7 of the Memorandum the Board Members may be paid all travelling and other expenses reasonably and properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board or general meetings or otherwise in connection with the discharge of their duties and such other sums as may be determined by the Council PROVIDED THAT no sum shall be paid to a Board Member who is an elected member of the Council in excess of that permitted by law AND PROVIDED FURTHER THAT (no sum shall be paid to the Board Member in excess of that which would be (i) permitted to be paid to a Board Member pursuant to any guidance issued by the Office of the Deputy Prime Minister or such other of Her Majesty's Government Departments relating to the payment of Board Members of Arms Length Management Organisations and (ii) approved by the Council Member.

BOARD MEMBERS' APPOINTMENTS AND INTERESTS

27. A Board Member may not have any financial interest personally or as a member of a firm or as a director or senior employee (being an employee with managerial status) involved in any arrangement, contract or other transaction of the Organisation unless it is permitted by these Articles and is not prohibited by the Memorandum.
28. Each Board Member shall ensure that the Secretary has at all times an up to date list of –
- (1) all bodies trading in which he or she has an interest as –
 - (a) a director or senior employee,
 - (b) a member of a firm,
 - (c) the owner or controller of more than 2% of the issued share capital in a company,

- (2) all interests as an official or elected member of any statutory body,
- (3) all interests as the occupier of any property owned or managed by the Organisation,
- (4) such other significant or material interest.

PROCEEDINGS OF BOARD MEETINGS

29. (1) Subject to any regulations established from time to time by the Organisation in general meeting and compliance with Section 10(1) of the Local Authorities (Companies) Order 1995 the Board may regulate their proceedings as they think fit and the quorum for the transaction of the business of the Board at the time when the meeting proceeds to business shall be five PROVIDED THAT the quorum requirement shall not exceed such number of Board Members as remain in office
 - (2) Five of the total number of Board Members may call a meeting of the Board. It shall not be necessary to give notice of a meeting to a Board Member who is absent from the United Kingdom.
 - (3) If a quorum is not present within half an hour from the time appointed for a Board Meeting the Board Meeting shall, if requested by a majority of those Board Members present, be 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 Board Members present may determine.
 - (4) If at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting then notwithstanding Article 29(1) the Board Members present shall constitute a quorum.
30. Questions arising at a Board Meeting shall be decided by a majority of votes and each Board Member present in person shall be entitled to one vote.

If a vote is tied the Chair shall have a second or casting vote.

31. (1) Any Board Member having an interest in any arrangement between the Organisation and another person or body shall disclose that interest to the meeting before the matter is discussed by the Board or committee of the Board. Unless the

interest is of the type specified in Articles 31(2) or 31(3) the Board Member concerned shall not remain present during the discussion of that item unless requested to do so by the remaining members of the Board or committee of the Board. Unless permitted by Articles 31(2) or 31(3) the Board Member concerned may not vote on the matter in question, but no decision of the Board or any committee of the Board shall be invalidated by the subsequent discovery of an interest which should have been declared.

(2) Provided the interest has been properly disclosed pursuant to Article 31(1) a Board Member may remain present during the discussion and may vote on the matter under discussion where the interest arises because –

- (a) the Board Member is a Tenant so long as the matter in question affects all or a substantial group of Tenants, or
- (b) the Board Member is a director or other officer of a company or body which is a parent, subsidiary or associate of the Organisation, or
- (c) the Board Member is an official or elected member of any statutory body.

(3) A Board Member shall not be treated as having an interest –

- (a) of which the Board Member has no knowledge and of which it is unreasonable to expect him to have knowledge,
- (b) in the establishment of a policy in respect of Board Member expenses payable pursuant to Article 26.

32. If a question arises at a meeting of the Board or of a committee of the Board as to the right of a Board Member to vote, the question may, before the conclusion of the meeting, be referred to the chair of the meeting and his ruling in relation to any Board Member other than himself shall be final and conclusive and any such question relating to the right of the Chair to vote shall be referred to the Deputy Chair in the same way.

33. (1) At the first Board Meeting of the Company the Board Members shall appoint one of their number to be the Chair of the Board to hold office for a period of 3 years. At the first Board meeting after the 3rd AGM and the first Board meeting occurring after

every 3rd AGM thereafter the Board shall appoint one of their number to be the Chair of the Board and no Board Member shall hold the office of Chair for more than a maximum of two terms (6 years). There must be a minimum period of 12 months before they can be reconsidered to stand as Chair. A majority of Board members may at any time remove the person from that office.

(2) Unless he is unwilling to do so, the Board Member so appointed shall preside at every meeting of the Board at which he is present. But if there is no Board Member holding that office, or if the Board Member holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the Board Members present may appoint one of their number to be chair of the meeting.

(3) The Board may appoint a substitute chair to act in the absence of the chair on such terms as the Board shall think fit.

34. All acts done by a meeting of the Board, or of a committee of the Board or by a person acting as a Board Member shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Board Member or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Board Member and had been entitled to vote.

WRITTEN RESOLUTION

35. A resolution in writing signed by –

(1) a majority of all the Board Members entitled to receive notice of a meeting of the Board or of a committee of the Board, and

(2) the Chair of the Board or the Chair of the relevant committee, and

shall be as valid and effectual as if it had been passed at a meeting of the Board or (as the case may be) a committee of the Board duly convened and held and may consist of several documents in the like form each signed by one or more Board Members.

SECRETARY

36. Subject to the provisions of the Act, the Secretary and any deputy or alternate Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them.

MINUTES

37. The Board shall cause minutes to be made in books kept for the purpose –
- (1) of all appointments of officers made by the Board Members, and
 - (2) of all proceedings at meetings of the Organisation and of the Board, and of committees of the Board and of the Council in its capacity as the sole member of the Organisation, including the names of the Board Members present at each such meeting.

RECORDS ACCOUNTS AND RETURNS

38. The Organisation shall comply with the provisions of Part VII of the Act in respect of –
- (1) the keeping and auditing of accounting records,
 - (2) the provision of accounts and annual reports of the directors, and
 - (3) in making an annual return.

THE SEAL

39. (1) If the Organisation has a seal it shall only be used with the specific or general authority of the Board or of a committee of the Board. The Board may determine who shall sign any instrument to which the seal is affixed and unless otherwise so determined it shall be signed by a Board Member and by the Secretary or a second Board Member.
- (2) The Organisation may exercise the powers conferred by Section 39 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Board Members.

NOTICES

40. Any notice to be given to or by any person pursuant to the Articles shall be in writing except that a notice calling a meeting of the Board or of a committee of the Board need not be in writing.
41. The Organisation may give any notice to the Council by sending it by post in a prepaid envelope addressed to the Deputy Director of Customer and Support Services and City Solicitor, Civic Centre, Swinton, Salford, M27 5DA or such other address as shall have been notified by the Council to the Organisation subsequent to the date hereof or by electronic means i.e. fax or e mail to a duly authorised person.
42. The Council present by duly authorised representative at any meeting of the Organisation shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.
43. Proof that an envelope containing a notice was properly addressed, prepaid and posted shall be conclusive evidence that the notice was given. A notice shall be deemed to have been given at the expiration of 48 hours after the envelope containing it was posted or if via e mail or fax by the receiving of a receipt.

INDEMNITY

44. (1) Every Board Member or other officer of the Organisation shall be indemnified by the Organisation against all losses or liabilities which he may sustain or incur in or about the 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 727 of the Act in which relief is granted to him and no Board Member or other Officer of the Organisation shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Organisation in the execution of the duties of his office or in relation thereto PROVIDED THAT this Article shall only have effect in so far as its provisions are not avoided by Section 310 of the Act.
- (2) The Board shall have power to purchase and maintain for any

Board Member or Officer of the Organisation insurance against any such liability as is referred to in Section 310(1) of the Act.

NAMES, ADDRESSES AND DESCRIPTIONS OF SUBSCRIBER

THE COMMON SEAL of **SALFORD CITY COUNCIL** was)

here unto affixed in the presence of:-)

City Solicitor

DATED

WITNESS to the above –

NAME

Address