

BYLAWS OF HILLSMERE SHORES IMPROVEMENT ASSOCIATION

ARTICLE I - PREAMBLE

Section 1. NAME

The name of the corporation is "Hillsmere Shores Improvement Association, Incorporated," also known as "HSIA" or "HSIA, Inc."

Section 2. PURPOSE

The corporation is a civic, non-profit corporation, whose members reside in or own property in the Hillsmere Subdivision and the Hillsmere Shores Subdivision also known as Hillsmere Estates, Anne Arundel County, Maryland.

These bylaws shall facilitate the following objectives:

1. To represent the members of this association in all matters of mutual interest which affect the community collectively. These matters shall include, but are not limited to, property tax assessments, schools, roads, police and fire protection, sanitation, zoning, lighting and environmental protection.
2. To seek and stimulate an active interest in civic affairs on the part of all Hillsmere residents.
3. To encourage such other civic activity as may promote the welfare and safety of the community.
4. To promote inter-community activities and good community relations.
5. To secure a compliance with and to prevent a violation of any of the restrictions applicable to said Hillsmere Subdivision.
6. To ensure maintenance to community areas including the beach, marina, ramps and open areas.
7. To provide any easements on common areas required by the County and/or State for utilities, storm water management, street repair or maintenance purposes.

ARTICLE II - MEMBERSHIP

Section 1. Authority

The Board of Directors of HSIA shall be the governing authority of the corporation. Subject to the laws of the State of Maryland, a decision of the Board of Directors in conformity with these By-laws shall be controlling on the Corporation and its Members.

Section 2. Eligibility

Any person over eighteen (18) actually residing in or owning property or a legal interest therein within the confines of the Hillsmere subdivision known as "Hillsmere" or "Hillsmere Shores" shall be eligible for membership in this association.

Section 3. Member in Good Standing

Upon payment of dues as specified in Section 7 of this Article, all eligible persons shall become members in good standing of HSIA.

Section 4. Membership

Subject only to the voting qualifications set forth in Section 6 of this Article, all eligible persons who have ownership interest or reside in an eligible Household shall, upon payment of dues become members in good standing of HSIA.

Section 5. Privileges of Membership

Subject only to the voting rights set forth in Section 6 of this Article, all members in good standing shall be entitled to all rights and privileges of the Corporation. Members in good standing, and they alone, shall be entitled to be elected or to remain in office as a Director or Officer of the Corporation.

Section 6. Voting Rights

Each Lot Owner or Resident who has become a member of the Association shall be entitled to one (1) vote on all Corporation issues coming before the membership at any annual, general, or special meeting.

Section 7. Proxies

All eligible voters may cast their vote by proxy. A proxy is only valid if in writing and delivered to the Corporation Secretary. A proxy must designate a particular subject and the single meeting for which it will be effective.

Section 8. Dues

Membership dues shall be assessed annually by the Board of Directors. All members in good standing from an immediate preceding year shall have ninety (90) days from the commencement of the calendar year in which to pay the next year's annual dues.

ARTICLE III - BOARD OF DIRECTORS

Section 1. Governing Body

Subject to the Corporate Charter, these By-Laws and the laws of the State of Maryland, the Board of Directors shall be the governing authority of the Corporation.

Section 2. Membership

The Board of Directors shall consist of members in good standing of the Corporation. The Board shall have eleven (11) members, as directed by the Corporate Charter.

Section 3. Authority

The Board shall be empowered, to the extent such actions do not conflict with the Articles of Incorporation to:

1. Authorize the designation and appointment of committees of the Board, each of which shall include one (1) or more directors;
2. Manage the affairs of the Corporation, including the exercise of general supervision over receipts and expenditures with the aid of the Budget Committee;
3. Designate and appoint other committees not having and exercising authority of the Board in the Corporation's management by adoption of a resolution approved by the majority of the Board present at the meeting at which a quorum has been established pursuant to Article III, Section 7;
4. Do all other things and acts consistent with the Articles of incorporation and By-Laws.

Section 4. Term

Subsequent to the date of adoption of these by-laws, any person elected to the Board of Directors shall have a two (2) year term. The "at large" members of the Board of Directors shall be elected in odd numbered years. The Officers shall be elected in even numbered years.

Section 5. Voting

- **Rights** - Each Director shall be entitled to one (1) vote on all matters coming before the Board.
- **Passage** - Upon establishment of a quorum, a simple majority of those present shall be required for passage of any motion or resolution before the Board. In the case of a tie, the presiding officer shall cast a deciding vote; otherwise, such motions or resolutions shall be deemed tabled until the next Board meeting.
- **Proxies** - Directors may, if necessary, vote by proxy. A proxy is only valid if in writing and delivered to the Corporation Secretary. A proxy must designate a particular subject and the single meeting for which it will be effective.

Section 6. Meetings of the Board

All meetings of the Board shall be open to all members of the Association, except for issues on personnel, legal matters and matters that would materially affect their outcome if addressed in an open meeting.

- **Regular Meetings:** The Board of Directors shall hold at least eight (8) meetings a year. These meetings shall normally be held on the last Thursday of the months designated by the Board, and notice shall be given to the members of the Corporation.
- **Special Meetings:** The Board of Directors shall hold a special meeting upon the direction of the President or any three members of the Board.

Section 7. Quorum

At all meetings of the Board of Directors, a simple majority shall constitute a quorum. Proxies may not be used to constitute a quorum. If a meeting commences with a quorum present, it may continue its activities even though the withdrawal of members leaves fewer than a quorum present.

Section 8. Removal

- **Basis** - A member of the Board of Directors may be removed from office with or without cause by a vote of two thirds (2/3) of the general membership at a meeting called for that purpose. The Board of Directors may remove any of its members for good cause upon a vote of two-thirds of the entire Board. Failure of any Board member to be a "member in good standing" of the Corporation is cause for removal.
- **Notice** - Written Notice of the Board's intention to remove an Office or Director shall be provided to the person(s) to be removed and all Directors at least fifteen (15) days prior to the meeting at which the removal vote shall be taken.

Section 9. Vacancies

A. Resignation - A member of the Board of Directors may resign at any time by delivering written notice to the President, Secretary or other member of the Board of Directors. A resignation shall be effective upon receipt.

B. Substitution - In the event a vacancy shall occur on the Board due to death, resignation, or removal of a member, the vacancy shall be filled by an appointment made by the President, subject to approval by the remaining members of the Board. A person who fills a vacancy on the Board shall serve the remaining unexpired term of the position they are filling.

Section 10. Annual Audit

The Treasurer shall cause the records and ledger account of the Corporation to be reviewed every year and shall report said review to the General Membership at its March meeting.

The annual review shall be made by a committee, one member of which must be familiar with standard auditing procedures as promulgated by the American Institute of Certified Public Accountants; or a Certified Public Accountant. No member of the Review Committee may be or have been a member of the Board of Directors during the period under review.

Section 11. Conduct of Meetings

All Board meetings shall be conducted in the manner specified for Corporation Meetings in Article VIII, Section 5.

Section 12. Limits of Authority

- **Real Property** - The Board of Directors or Officers may not purchase, sell, or encumber real property on behalf of the Corporation without submitting the same to the general membership for ratification, except to continue existing financing or refinancing programs in place for the Association.

- **Contracts**
 1. **Board Vote Requirements** - The advice and consent of the Board of Directors shall be required on expenditures of the Corporation where the amount involved exceeds the value of One Thousand Dollars (\$1,000.00).
 2. **Bid Requirements** - All new contracts involving more than Two Thousand Five Hundred Dollars (\$2,500.00) shall be submitted for competitive bids. If no bids are received or bids received are deemed unreliable by the Board, the Board may award the contract without competitive bids. The Board shall consult with the appropriate committee chairman before awarding any contract, accepting the work performed or making final payment.
 3. **Budgetary Limitations** - Subject to budget modification pursuant to procedures set forth in Article III, Section 12, no expenditure or group of expenditures within a given budget category may exceed the amount budgeted in the category in the applicable Annual Budget.
 4. **Signature Requirements** - Pursuant to Article V, Section 2, only the President may sign contracts binding upon the Corporation.

ARTICLE IV - COMMITTEES

Section 1. Standing and Temporary Committees

As hereinafter established, the Corporation may have any or all of the Committees listed below to aid the Officers and Directors of the Corporation in the performance of their duties. In addition to the named committees, the Board may designate such committees as it deems necessary to protect and further the interests, purposes, and objectives of the Corporation.

Section 2. Committee Chairmen

The Chairman or Co-Chairmen (where necessary) of each committee shall be appointed by the President. Subject to any other Board approval required by these By-laws, all Committee Chairmen shall be responsible for supervision of Committee activities, budgets, and expenditures, and shall attend the monthly Board of Directors meetings.

Section 3. Committee Membership

Each committee shall be composed of members in good standing of the Corporation selected by the committee chairman.

Section 4. Standing Committees

The Corporation shall have the following standing committees:

- Beach Committee
- Beautification Committee
- Budget Committee
- Entertainment Committee

- Legislative Committee
- Membership Committee
- Nominating Committee
- Permits Committee
- Piers and Harbors Committee
- Publications Committee
- Review Committee
- Security Committee

Section 5. Individuals

The President or Board of Directors may designate individual members to supervise or perform special functions, such as community liaisons, representatives, special planning or events, etc.

Section 6. Committee Budget

The Chairman of each committee shall provide a budget to the Board of Directors at least sixty (60) days before the end of the calendar year. The Board will review each budget so submitted and, with the assistance of the Budget Committee, provide formal recommendations to the membership.

Section 7. Committee Spending Authority

The advice and consent of the Board of Directors shall be required on expenditures of the Corporation where the amount involved exceeds the value of Two Hundred Fifty Dollars (\$250.00) as approved in the Committee's Annual Budget.

ARTICLE V - OFFICERS

Section 1. Qualification

To stand for election to office, all candidates must be members in good standing of the Corporation at the time of election.

Section 2. President

The President shall be the chief executive officer of the Corporation, shall sign all documents binding upon the Corporation and conduct all meetings of the membership or the Board of Directors. The President may approve expenditures involving One Thousand Dollars (\$1,000.00) or less.

The President shall designate the chairmen of all standing Committees and may designate functions of each standing Committee. The President shall have such other and further functions as may be designated by the Board of Directors.

Section 3. Vice President

The Vice President shall fulfill the duties of the President whenever the President is incapable of performing his functions due to absence, illness, or disability.

The Vice President shall perform such other duties as may be designated by the President and the Board of Directors. The Vice President shall serve as Sergeant-at-Arms at all meetings of the membership.

Section 4. Treasurer

The Treasurer shall receive all funds of the Corporation and special tax district funds and deposit the same in such banks or institutions as may be designated by the Board of Directors or as required by law. The Treasurer shall establish such checking accounts, savings accounts, certificates of deposit or other investments as directed by the Board of Directors or law.

The Treasurer, with one other Officer or other individual designated by the Board, shall sign all checks and make all disbursements for Corporate or special tax debts. The treasurer shall require receipts for any items not paid under a contract.

The Treasurer shall serve as chairman of the Budget Committee. The Budget Committee shall review the affairs of the Corporation and make recommendations to the Board of Directors in sufficient time to permit the Board to prepare and submit a budget to the membership.

Section 5. Secretary

The Secretary shall:

1. Keep a true record of all proceedings of all meetings of the Corporation and the Board;
2. Ensure that all notices are duly given in accordance with the provisions of these By-laws;
3. Shall be the custodian of the records and of the seal of the Corporation;
4. May attest to any instrument executed by the President on behalf of the Corporation as necessary;
5. Shall certify to any resolutions duly adopted by the Board of Directors or the Membership;
6. Shall cause to be published the Annual Financial Report and any other documents required by a majority of the membership of the Corporation or the Board of Directors;
7. Shall make or cause to be made and receive all correspondence to or from the Corporation;
8. Shall maintain a list of members in good standing to be made available at all meetings of the membership; and shall

9. Be responsible for any other duties incident to the Corporation or as designated by the Board of Directors.

Section 6. Fidelity Bond

The Board of Directors may require a fidelity bond of any or all officers. Should a bond be required, it shall be paid from the funds of the Corporation. Bonds required by law shall be paid from funds designated by such law.

Section 7. Compensation

No Officer or Director shall receive compensation for their services in said office. This provision shall not prevent any person from contracting to provide materials or services to the Corporation and be compensated therefor.

Section 8. Vacancies

In the case of the temporary absence or disability of any Officer or Director, the position may be filled pro tempore by an appointment by the President. In the event of a vacancy resulting from death, retirement, resignation, or disability of an Officer, the position may be filled for the remainder of the term by appointment by the President, subject to approval of the Board.

Section 9. Term

As provided in Article III, Section 4, Officers shall serve a two (2) year term, standing for election in even numbered years.

ARTICLE VI - LIABILITY AND INDEMNIFICATION

Section 1. General

The Corporation shall indemnify every Officer and Director against any and all expenses, including attorney's fees reasonably incurred in connection with any action, suit, or other proceeding, at law or in equity, against them in their official capacity. Indemnification shall not be available where an Officer or Director is proven to have acted in bad faith, or with gross negligence or fraudulent or criminal intent.

Section 2. President

The President shall have no personal liability with respect to any contract or other commitment made, in good faith, without gross negligence or fraudulent or criminal intent, on behalf of the Corporation pursuant to Article III, Section 12, Paragraph 9 and Article V, Section 2. The Corporation shall indemnify and forever hold the President free and harmless against any and all liability to other on account of any such contract or commitment.

ARTICLE VII - NOMINATION, ELECTIONS, AND APPOINTMENTS

Section 1. Directors

Nominations for a Director position shall be forwarded to the Chairman of the Nominating Committee at least sixty days prior to the annual meeting. The Committee shall then determine the qualification and eligibility of the nominee as prescribed in the By-laws, following which it shall instruct the Chairman to prepare a slate of nominees which the Committee has approved for publication at least thirty (30) days prior to the annual meeting.

Election of Directors shall be by a majority vote of the Corporation membership voting in the election.

Section 2. Officers

Officers shall be elected at the annual meeting of the Corporation. Accordingly, following the statement of those nominated prior to that time, the Nomination Committee Chairman shall open the floor to nominations to the offices of the President, Vice President, Treasurer, and Secretary, each of which shall meet the qualifications of office.

Following the closing of nominations, the chairman of the Nomination Committee shall formally present the slate of Officers to the Membership. Election shall be by a majority vote of the members voting. If no candidate secures a majority on the first ballot, then the members shall vote for one (1) of the two (2) highest candidates on a second ballot. Officers and Directors shall be installed in office on the first day of January of the year following their election.

Section 3. Floor Nominations

At any meeting at which elections are conducted, nominations from the floor will be accepted if such nominations are formally presented as a motion and seconded.

Section 4. Change of Position - Officers and Directors

- Notice Requirement - Any Officer or "at large" Director seeking election, respectively, to an "at large" Directorship or Officer's position in a year in which his/her own seat is not to be open for election, must notify the Board in writing at least thirty (30) days prior to the Annual Meeting of his/her intention to run for such position and to vacate his/her existing position.
- Vacancies - To fill any vacancies created by a change of position sought by any Officer or Director, the Board shall provide for election to the seat so vacated for a one (1) year term.

ARTICLE VIII - CORPORATION MEETINGS

Section 1. Annual Meeting

The Corporation shall hold an Annual Meeting in the month of November. The specific time and place shall be designated by the Board of Directors.

In addition to any regular business to come before the Corporation, the Annual Meeting shall be devoted to:

- election of Officers and Directors pursuant to Article VII
- The annual report by the Board of Directors to the Membership, either verbally or in writing, detailing the current status of the Corporation.

Section 2. General Meetings

The Corporation shall, in addition to the Annual Meeting, hold five (5) general meetings each year, in March, May, July, September, and November on the second Thursday of the month. The January meeting shall, in addition to other business, consider the Corporate and any tax district budgets.

Section 3. Special Meetings

The Corporation shall hold a special meeting whenever the same is requested by the President, Board of Directors or five percent (5%) of the total number of members in good standing.

Section 4. Quorum

The presence of five percent (5%) of the Corporation's members qualified to vote shall constitute a quorum. Once a meeting has commenced with a quorum present, it may validly continue with its business even if the withdrawal of members reduces the number present below that necessary for a quorum. Proxies may not be used to establish a quorum.

If a meeting is scheduled and a quorum is not present, it may be adjourned to a later date. If notice of the later date is posted in a conspicuous place in the community at least ten (10) days prior to the second meeting, no quorum shall be required for the second meeting.

Section 5. Conduct of Meetings

The order of business subject to a majority vote to waive at all meetings shall be:

1. Roll call of Officers
2. Quorum call and receipt of voting list
3. Reading of minutes and Treasurer's report
4. Communications and notices
5. President's report
6. Committee reports
7. Unfinished business
8. New business
9. Adjournment

Robert's Rules of Order Revised shall govern the meetings of the Corporation in all procedures where the rules of the Corporation and these By-laws do not apply.

Section 6. Notice of Meetings

Notice of all Corporation meetings shall be given in accordance with Article X of these By-laws.

ARTICLE IX - AMENDMENT OF THE BY-LAWS

These By-laws may be amended by a two-thirds (2/3) vote of the Members present at any general or special meeting of the Membership. Prior to any meeting where amendments of these By-laws shall be considered, notice shall be given in accordance with Article X.

ARTICLE X - NOTICES

Section 1. General

Notice of the time and place of the Annual Meeting and all general meetings of the Corporation, as well as regularly scheduled meetings of the Board of Directors shall be posted in a conspicuous place or places within Hillsmere Shores subdivision and/or published in the Community Newsletter at least ten (10) days prior to such meeting.

Section 2. Special

Notice of any special meeting of the Corporation or of any meeting where amendments to the By-laws will be decided shall be posted in a conspicuous place or places, and at least once published in the Community Newsletter (i.e., *Sea Breeze*) circulated to the membership at least ten (10) days prior to the date of the meeting.

ARTICLE XI - FISCAL YEAR

The Fiscal Year of the Corporation shall commence on February 1 of the year and conclude on January 31 of the following year or such other times as may be determined by the Board of Directors upon the advice and consultation of the Treasurer.

ARTICLE XII - INSURANCE

All buildings owned by HSIA shall be insured in an amount equal to the maximum insurable replacement value, excluding foundation and excavation costs, and all personal property owned by HSIA shall be insured for its value, as determined by the Board of Directors. Such coverage shall afford protection against:

- Loss or damage by fire and other hazards covered by a standard coverage endorsement; and
- Such other risks as from time to time shall be customarily covered.

The Board of Directors shall also secure insurance for:

- Public Liability in such amounts and with such coverage as shall be required by the Board of Directors, and State Law, including but not limited to hired automobile, non-owned automobile, host liquor, etc.
- Workman's Compensation coverage to meet the requirements of Law if necessary; and

- Such other insurance as the Board of Directors shall determine from time to time to be desirable and in the best interests of the Corporation.

****** End of HSIA Bylaws******

HILLSMERE SHORES IMPROVEMENT ASSOCIATION CHARTER

Hillsmere Estates Special Community Benefit District

The limits of the Hillsmere Estates Special Community Benefit District are the subdivision known as Hillsmere Estates as shown on the plats of Hillsmere Estates recorded among the plat records of the County as:

1. "Section 1" in Plat Book No. 23, Folio No. 14;
2. "Plat 1, Section 2" in Plat Book No. 23, Folio No. 26;
3. "Plat 2, Section 2" in Plat Book No. 23, Folio No. 47;
4. "Plat 1, Section 3" in Plat Book No. 25, Folio No. 7;
5. "Plat 2, Section 3" in Plat Book No. 25, Folio No. 8; and
6. "Plat 1, Section 4" in Plat Book No. 31, Folio No. 23.

This district is established for the purpose of:

1. construction, maintenance, and repair of, and snow removal from, non-County-owned roads, streets, alleys, sidewalks, curbs, street or road signs, street or road lights, bulkheads, drainage ditches, and culverts;
2. providing insect and pest control;
3. maintenance of community areas;
4. acquisition, development, improvement, and maintenance of community real and personal property;
5. establishment and operation of a community security program; and
6. covering the administrative expenses incidental to carrying out these purposes, including postage and mailing, auditing, insurance, and legal costs.

****** End of HSIA Charter******

