

By-Laws of the NWV Model Railroad Association, Inc.

Article 1 – Name and Purpose

- 1.1 The NWV Model Railroad Association, Inc., also known as the NWV was organized in Essex Junction, Vermont on January 1, 2008 as a not-for-profit corporation of the State of Vermont.
- 1.2 The NWV is organized exclusively for charitable, educational, literary, religious or scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The primary purposes of the NWV are to promote, stimulate, foster and encourage by all manner and means the art and craft of model railroading and the preservation of the history, science and technology thereof. These purposes will be achieved by, among other means:
 - A. Supporting and developing the technical skills of persons engaged in the art and craft of model railroading;
 - B. Educating persons engaged in model railroading about methods of building and operating model railroad equipment and prototype practices;
 - C. Advancing the art and craft of model railroading wherever and whenever possible by publications, meetings, web activity, and all other activities necessary or incidental to the foregoing purposes.

Article 2 – Membership

- 2.1 Upon completion of a member information form, any natural person, regardless of age, sex, race, religion or national origin may be a member of the corporation. There are 4 classes of members.
 - A. Regular Member – eligible to participate in all meetings and activities. Full Voting Rights. Keeps current (within 90 days) on monthly dues of \$10 per month or as set by the vote of the members. Pays Member prices on all corporation educational activities.
 - B. Affiliate Member – lives in the household of the member. Eligible to participate in all meetings and activities. No voting Rights. No Dues. Pays Member prices on all corporation educational activities;
 - C. Associate Member – Available to persons with a principal place of residence more than 50 miles from Essex Junction, VT. Eligible to participate in all corporation educational meetings and activities. Keeps current (within 90 days) on annual dues of \$60.00 or as set by the vote of the members. No voting rights;
 - D. Honorary Member – Conferred on worthy persons as voted by a majority of the members. Eligible to participate in all corporation educational meetings and activities. No voting rights.
 - E. Joining fee for a member identified in (A) or (C) above shall be \$25.00. There shall be no joining fee a member identified in (B) or (D) above. Notwithstanding the foregoing, the Board of Directors may change the dues for each membership level at its annual meeting.
 - F. Members who have paid the required dues in accordance with these By-laws and who are not suspended shall be Members in good standing.

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Article 3 – Meetings

3.1 An annual meeting of the members in good standing shall be held once per fiscal year during the first quarter of each fiscal year to elect Directors receive reports from Officers and Committee Chairpersons and to discuss matters pertaining to the NWV and its members.

- A. Notice of the annual meeting shall be posted on the NWV web site and sent to all members via email by the secretary at least 30 calendar days prior to the date of the meeting.
- B. No fee shall be charged to attend the annual meeting.
- C. Officers and Committee Chairpersons shall present reports at the annual meeting.
- D. Order of Presentation shall be:

- 1. Presentation of Reports
- 2. Questions regarding reports
- 3. Discussion of past actions and policies
- 4. Discussion of future actions and policies
- 5. Election of Officers until the next annual meeting. Officers, with the exception of Secretary, assume full duties of that office immediately upon the counting of votes. Voting shall be by paper ballot with the votes to be counted by two members not officers or directors. If two members do not agree with the vote count a third member shall be selected by the two counting and the count shall be certified by any two of them as accurate.

E. Attendance at the Annual Meeting by the lesser of: (i) 10 members; or (ii) 10 percent of the members in good standing shall constitute a Quorum. Items requiring a vote of the membership shall be validly adopted if a majority of the members at a meeting in which a quorum is present, vote in favor of them.

3.2 Board of Director Meetings

- A. Meetings of the Board shall be called by the President or, upon written application to the secretary by three Board members or officers.
- B. A Board meeting shall be held immediately prior to the annual meeting.
- C. Notices of a scheduled meeting of the Board shall be mailed to all Board members via first class mail or by email from the Secretary. Special meeting must be preceded by at least two (2) business days' notice to each Director or the date, time and place of the meeting. Valid business may be discussed at an unscheduled Board meeting provided that a waiver of notice be signed by all but one of the members of the Board.

3.3 General Provisions for Meetings

- A. In the absence of the President and Vice President at an Annual or Board Meeting the Board shall elect one of their own members present to preside over the meeting.
- B. Robert's "Rules of Order" shall govern all meetings except when in conflict with a provision of the By-Laws, and in that event, the By-Laws shall prevail.

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- C. Proxies: A written proxy authorization shall be turned over to the Secretary and become property of the NWV before a proxy from a Board member shall be recognized as such.

Article 4 – Directors

- 4.1 Powers and Duties. The business and affairs of the Corporation shall be directed and controlled by or under the authority of a Board of Directors. The powers and duties of the Board shall include, but not be limited to, setting policy, engaging management and monitoring and evaluating its performance, overseeing the transactions and other activities of the NWV, establishing budgets and fiscal controls, and ensuring that the purposes of the NWV are properly carried out.
- 4.2 Number of Directors. The number of Directors shall be not less than one (1) and not more than four (4).
- 4.3 The initial Board of Directors shall serve until their successors are appointed and ratified by the Members. At each annual meeting of the Members, Directors shall be chosen for a term of three (3) years. Terms of the offices of Directors shall begin upon their appointment, and Directors shall hold office until their successors are appointed and ratified, unless sooner removed or vacated in accordance with these Bylaws.
- 4.4 Compensation. No Director shall receive compensation for performance of his or her duties as a Director.
- 4.5 Removal. At a meeting of the Members called expressly for that purpose, any one (1) or more Directors may be removed, with or without cause, by a vote of a majority of the Members.
- 4.6 Vacancies. Whenever any vacancy occurs in the Board of Directors between annual meetings, a replacement shall be appointed by the remaining Directors, even if less than a quorum, for the balance of the remaining term. The new Director shall take office immediately upon appointment by the Board.

Article 5 – Officers

- 5.1 Designation. The principal officers of the Corporation shall consist of a President, Vice President, Secretary, Treasurer and a Director of Education. The Board may appoint other officers or assistant officers. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary.
- 5.2 Election and Term of Office. The officers shall be elected by the Board at every third annual meeting of the Board. Each officer shall hold office until his or her successor shall have been duly elected and shall have qualified or until his death or until he or she shall resign or shall have been removed in the manner hereinafter provided.
- 5.3 Removal. Any officer or agent elected or appointed by the Board may be removed by the Board at any time whenever in its judgment the best interests of the NWV thereby would be served.

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5.4 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise may be filled by the Board for the unexpired portion of the term.

5.5 Duties. Officers shall have the following duties, together with such additional duties as may be determined by the Board from time to time:

President.

- A. Presiding at annual and Board meetings.
- B. Performing all the duties and assuming all of the powers normally associated with such an office not in violation of or inconsistent with these by-laws, and other recognized lawful actions.

Vice-President.

- A. Shall aid and assist the President as the President directs.
- B. Shall assume the duties of the President as Presiding Officer at a meeting in the absence of or at the request of the President.

Secretary.

- A. Keep minutes of all Corporate and Board Meetings.
- B. Provide notice of said meetings in accordance with these by-laws.
- C. Distributing copies of said minutes to all Board Members within 15 days following the meeting.
- D. Signing, countersigning or attesting the official documents of the NWV.
- E. Performing all the duties and assuming all of the powers normally associated with such an office not in violation of or inconsistent with these by-laws, and other recognized lawful actions.

Treasurer.

- A. Keeping record of all funds received or paid by the NWV, as well as all accounts receivable and payable, by use of generally accepted accounting methods;
- B. Maintaining all NWV funds in accounts in one or more financial institutions, all funds to be FDIC insured at all times. President shall be a second signatory on all accounts.
- C. Maintaining books of account for each fiscal year ending December 31.
- D. Presenting financial reports at all Board Meetings as well as at the request of the Board at other such times as the Board deems sufficient.
- E. Preparing or providing timely information for the preparation of tax returns.
- F. Paying all bills of the NWV in a timely manner. The Treasurer may pay on his or her own authority all bills which are supported by proper documentation and signature and are for the normal operating expenses of the NWV. The Treasurer shall promptly send all questionable bills to the President for determination of payment and shall inform the sender that such action has been taken. The Treasurer shall not pay the same until the bill is approved in writing by the President.

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Director of Education.

- A. Manage two standing committees.
- 5.6 Compensation. Compensation to the officers for their services, if any, may be determined by resolution of the Board from time to time. No officer shall be precluded from receiving such compensation by reason of the fact that he or she is also a Director of the Corporation. The Board also may by resolution authorize the payment or reimbursement of certain expenses of an officer related to the Corporation's business or operations.
- 5.7 Access to Funds. Money designated by the Board to be invested as endowment funds can only be withdrawn by a vote of the Board. Income from such funds may be spent at the direction of the Board.

Article 6 – Committees

6.1 The Director of Education shall be charged with management of at least two standing education committees of the NWV. Each standing committee shall promote, stimulate, foster and encourage the art and craft of model railroading and the preservation of the history, science and technology thereof. They are the Material and Electronic Education Committees. Other standing committees may be created by the Board as required. Each standing committee shall consist solely of members of the Board of Directors. Except as otherwise provided by law the Articles of Incorporation, these Bylaws, or resolution of the Board, each standing Board committee may exercise the authority of the Board.

6.2 Material Education Committee

- A. Designs and schedules educational opportunities using sample materials, adding to the demonstration layout, creating new modules, or dioramas.
- B. Creates a curriculum for new members that allows them to learn at a pace adapted to their level of knowledge and interests.
- C. Coordinates educational opportunities with the Membership Committee to allow public enrollment in those classes at a reasonable price when space is available.
- D. Keeps records of members' participation in each curriculum activity.

6.3 Electronic Education Committee

- A. Develops and maintains the Corporations main web site – www.nwvrailroad.org;
- B. Coordinates all content with the Membership and Material Education committees.
- C. Develops a "members only" section of the site where members in good standing may share information with other members and stay informed of Corporation activities.

Article 7 – Membership Committee

- 7.1 The Membership Committee shall be headed by the President of the NWV.
- 7.2 The Membership Committees primary purpose is the solicitation and retention of members of the corporation. The membership committee shall keep a complete and

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accurate list of all members and contact information for each. When a member becomes past due on dues the membership committee shall contact that member to determine the nature of such delinquency of dues.

- 7.3 At the Annual Meeting of the corporation or upon request of the Board of Directors the membership committee shall present an accounting of members by class and report on the current dues status of each member.

Article 8 – Amendment of By-Laws

- 8.1 The By-Laws may be adopted or amended at any meeting of the Board of Directors or at the annual meeting of the corporation. Amendment of the By-Laws shall be by a simple majority of members in good standing present at the Board of Directors or annual meeting.
- 8.2 A complete set of the amended By-Laws, as amended will be sent via electronic or US Mail to each member in good standing. A set of By-Laws shall be given to each new member regardless of class at the time an application with joining fee is presented to the chairman of the membership committee.

Article 9 – Dissolution

- 9.1 The Corporation may be dissolved upon the simple majority vote of the members in good standing at any Annual meeting of the Corporation.
- 9.2 Upon dissolution of the corporation its assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.
- 9.3 No part of the net earnings of the corporation shall inure to the benefit of, or be distributed to, its members, trustees, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in the purpose clause hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

Article 10 – Conflict of Interest

- 10.1 Purpose. The purpose of the conflict of interest policy is to protect The NWV Model Railroad Association, Inc. interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the NWV or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.
- 10.2 Definitions

- A. Interested Person – any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

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1. An ownership or investment interest in any entity with which the NWV has a transaction or arrangement,
2. A compensation arrangement with the NWV or with any entity or individual with which the Organization has a transaction arrangement, or
3. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the NWV is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest. Under Section 9.3 a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

10.3 Procedures

- A. **Duty to Disclose.** In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with the governing board delegated powers considering the proposed transaction or arrangement.
- B. **Determining Whether a Conflict of Interest Exists.** After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
- C. **Procedures for Addressing the Conflict of Interest**
 1. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 2. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 3. After exercising due diligence, the governing board or committee shall determine whether the NWV can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 4. If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the NWV's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

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reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.

D. Violations of the Conflict of Interest Policy.

1. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
2. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

10.4 Records of Proceedings. The minutes of the governing board and all committees with board delegated powers shall contain:

- A. The names of persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.
- B. The Names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

10.5 Compensation

- A. A voting member of the governing board who receives compensation, directly or indirectly, from the NWV for services is precluded from voting on matters pertaining to that member's compensation.
- B. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NWV for services is precluded from voting on matters pertaining to that member's compensation.
- C. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the NWV, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

10.6 Annual Statements. Each director, principal officer and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

- A. Has received a copy of the conflicts of interest policy,
- B. Has read and understands the policy,
- C. Has agreed to comply with the policy, and

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D. Understands the NWV is charitable and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

10.7 Periodic Reviews. To ensure the NWV operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

- A. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
- B. Whether partnerships, joint ventures, and arrangements with management organizations conform to the NWV's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

10.8 Use of Outside Experts. When conducting the periodic reviews as provided for in Section 10.7, the NWV may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

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