

**BYLAWS  
OF  
WESTERN NORTH CAROLINA MODEL RAILROADERS, INC.**

**ARTICLE I  
NAME AND PURPOSE**

SECTION 1. Name. The name of the organization is Incorporated DBA Western North Carolina Model Railroaders (WNCMRR). It is a nonprofit organization incorporated under the laws of the state of North Carolina.

SECTION 2. Purpose. The Corporation is organized for exclusively charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 or the corresponding provision of any future United States Internal Revenue Law, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under said Section 501(c)(3) of the Internal Revenue Code of 1986. Specifically, the Corporation will promote, foster and educate people about model railroading through various activities.

**ARTICLE II  
OFFICES**

The principal office of the Corporation in the State of North Carolina, is located in the County of Buncombe. The Corporation may have such other offices, either within or without the State of North Carolina, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

**ARTICLE III  
MEMBERSHIP**

SECTION 1. Classes of Members. The membership of the Corporation are two (2) classes of membership: members of the Corporation, and Board of Directors members.

SECTION 2. Election of members of the Corporation. Every person interested in becoming a member of the Corporation shall have an interest in model railroading, proof of N.M.R.A. membership and payment of annual dues..

SECTION 3. Voting Rights.

A. Members of the Corporation. Members in good standing are entitled to vote on issues brought before the corporation by the Board of Directors for ratification. Such issues are decided by simple majority affirmations.

B. Members of the Board of Directors. Primary governance of the organization will rest with the Board of Directors, whose members shall have the right to vote on all issues before them. From time to time, for the purpose of unity and clarity, matters passed by the Board of Directors may, at the Board's discretion, be brought before the general membership for ratification (See A. above). In such circumstances, a special organizational business meeting will be either called, by voice or written instrument, with a minimum notice of five business days.

SECTION 4. Termination of Membership. Any member of the Corporation may terminate their own membership by filing a written resignation with the Company Clerk. A corporation member that does not participate in at least three scheduled corporate activities in a consecutive six-month period will have their Membership terminated, excluding cases of illness, temporary relocation and any other exception approved by the Board of Directors.

SECTION 6. Reinstatement of Membership. Any individual that has resigned and is requesting membership with the corporation may do so in writing and shall resubmit the membership application. Those individuals who have had their membership terminated (voluntary or un-voluntary) may write a letter requesting to be reinstated to be approved by the Board of Directors.

SECTION 7. Transfer of Membership. Membership in the corporation is neither transferable nor assignable.

#### **ARTICLE IV BOARD OF DIRECTORS**

SECTION 1. General Powers. The business and affairs of the corporation is managed by its Board of Directors.

SECTION 2. Size and Terms. The number of directors of the corporation shall be fixed by the Board of Directors, but in no event shall be less than (7). Of these, four (4) shall be the organization's elected officers. Each director who is not an elected officer shall hold office for two years unless duly removed as prescribed in Article V. Each director must be reelected at the regular annual meeting.

SECTION 3. Regular Meetings. A regular annual meeting of the Board of Directors is held in June of each year the day of which is called by the Superintendent or designated chairman. The Board of Directors may provide the time and place for the holding of additional regular meetings with notice as described in Section 5.

SECTION 4. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Superintendent or any two directors. The person or persons authorized to call special meetings of the Board of

Directors may fix the place for holding any special meeting of the Board of Directors called by them.

SECTION 5. Notice. Notice of any meeting is given at least two weeks previous thereto by written notice delivered personally, mailed to each director at their business address, or by electronic mail. Any directors may waive notice of any meeting. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 6. Quorum. A majority of the number of directors fixed by Section 2 of this Article IV shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. A quorum shall not be established if more than 50 percent of such quorum is related by blood or marriage or otherwise have joint financial interests, such as business partnerships, etc. If less than a majority is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 7. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present is the act of the Board of Directors.

SECTION 8. Action Without a Meeting. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if consent in writing, setting forth the action so to be taken, is signed before such action by all of the directors.

SECTION 9. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, unless otherwise provided by law. A director elected to fill a vacancy is elected for the remaining term of their predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by election by the Board of Directors for a term of office continuing only until the next election of directors by the directors.

SECTION 10. Compensation. No director or officer shall for reason of their office be entitled to receive any salary or compensation, but nothing herein is construed to prevent an officer or director from receiving any compensation from the organization for duties other than as a director or officer.

SECTION 11. Presumption of Assent. A director of the corporation who is present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent is entered in the minutes of the meeting or unless they shall file their written dissent to such action with the person acting as the Clerk

of the meeting before the adjournment thereof, or shall forward such dissent by registered mail to the Company Clerk of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to director who voted in favor of such action.

## **ARTICLE V OFFICERS**

SECTION 1. Number. The officers of the corporation shall be a Superintendent, Assistant Superintendent, Company Clerk, and Paymaster whom are elected by the members of the Corporation. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the Board of Directors, including a Chairman of the Board. In its discretion, the Board of Directors may leave unfilled for any such period as it may determine any office except those of Superintendent and Company Clerk. Any two or more offices may be held by the same person, except for the offices of Superintendent and Company Clerk, which may not be held by the same person.

SECTION 2. Election and Term of Office. The officers of the corporation to be elected by the members of the corporation are elected annually at the date set by the Board of Directors. Each officer shall hold office until their successor shall have been duly elected and shall have qualified, or until their death, or until they shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer, agent, or director may be removed by a unanimous vote of the Board of Directors whenever, in its judgment, the best interests of the corporation will be served thereby, but such removal is without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer, agent, or director shall not of itself create contract rights, and such appointment is terminable at will.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. Superintendent. The Superintendent is the principal executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation. The Superintendent shall, when present, preside at all meetings of the Board of Directors, unless there is a Chairman of the Board in which case the Chairman shall preside. they may sign, with the Company Clerk or any other proper officer of the corporation thereunto authorized by the Board of Directors, any deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof is expressly delegated by the Board of Directors or by

these Bylaws to some other officer or agent of the corporation, or is required by law to be otherwise signed or executed; and in general shall perform all duties incident to the office of Superintendent and such other duties as may be prescribed by the Board of Directors from time to time.

**SECTION 6 Assistant Superintendent** The Assistant Superintendent is the secondary executive officer of the corporation and, subject to the control of the Board of Directors, shall in general supervise and control all of the business and affairs of the corporation in the absence of the Superintendent . He shall, when the Superintendent is not present, preside at all meetings of the Board of Directors, unless there is a Chairman of the Board in which case the Chairman shall preside or regular meetings.

**SECTION 7. Company Clerk.** The Company Clerk shall: (a) Keep the minutes of the proceedings of the Board of Directors in one or more minute books provided for that purpose; (b) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) Be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents, the execution of which on behalf of the corporation under its seal is duly authorized; (d) Keep a register of the post office address of each Director which shall be furnished to the Company Clerk by such Director; and (e) Shall also maintain a careful record of the terms of service of the officers and members of the corporation, of winners of contests and awards and (f) In general perform all duties incident to the office of the Company Clerk and such other duties as from time to time may be assigned to him by the Superintendent or by the Board of Directors.

**SECTION 8 Paymaster.** The Paymaster shall receive, protect and report all funds of the organization. Paymaster shall report all receipts, disbursements and balances of the treasury at Annual Meeting, and as directed at other meetings of the organization and of the Board of Directors. The Paymaster shall also maintain an ongoing roster of all current members.

## **ARTICLE VI INDEMNITY**

The Corporation shall indemnify its directors, officers and employees as follows: (a) Every director, officer, or employee of the corporation shall be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred by or imposed upon him in connection with any proceeding to which he may be made a party, or in which he may become involved, by reason of their being or having been a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of the corporation, partnership, joint venture, trust or enterprise, or any settlement thereof, whether or not he is a director, officer, employee or agent at the time such

expenses are incurred, except in such cases wherein the director, officer, or employee is adjudged guilty of willful misfeasance or malfeasance in the performance of their duties; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the corporation. (b) The corporation shall provide to any person who is or was a director, officer, employee, or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of the corporation, partnership, joint venture, trust or enterprise, the indemnity against expenses of suit, litigation or other proceedings which is specifically permissible under applicable law. (c) The Board of Directors may, in its discretion, direct the purchase of liability insurance by way of implementing the provisions of this Article VI

## **ARTICLE VII CONFLICTS OF INTEREST**

**SECTION 1. Purpose.** The purpose of the conflict of interest policy is to protect this tax-exempt organization's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the organization 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 application to nonprofit and charitable organizations.

**SECTION 2. Definitions.**

**2.1 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.

**2.2 Financial Interest.** A person has a financial interest if the person has, directly or indirectly, through business, investment, or family: (a) An ownership or investment interest in any entity with which the organization has a transaction or arrangement, (b) A compensation arrangement with the organization or with any entity or individual with which the organization has a transaction or arrangement, or (b) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the organization 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 3.2, 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.

**SECTION 3. Procedures.**

**3.1 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 governing board delegated powers considering the proposed transaction or arrangement.

3.2 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, they 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.

3.3 Procedures for Addressing the Conflict of Interest.

(a) An interested person may make a presentation at the governing board or committee meeting, but after the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.

(b) 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.

(c) After exercising due diligence, the governing board or committee shall determine whether the Organization 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.

(d) 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 organization'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.

3.4 Violations of the Conflicts of Interest Policy.

(a) 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.

(b) 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.

SECTION 4. Records of the Proceedings. The minutes of the governing board and all committees with board delegated powers shall contain: (a) The names of the 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 is present, and the governing board's or committee's decision as to whether a conflict of interest in fact exists. (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.

## SECTION 5. Compensation.

- 5.1 A voting member of the governing board who receives compensation, directly or indirectly, from the organization is precluded from voting on matters pertaining to that member's compensation.
- 5.2 A voting member of any committee who jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization for services is precluded from voting on matters pertaining to that member's compensation.
- 5.3 No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.
- 5.4 The majority of our Board of Directors will be non-salaried and will not be related to salaried personnel or to parties providing services. In addition, all compensation decisions will be made by the Board of Directors.
- 5.5 Further, all compensation paid will be reasonable and will be based on the following factors: (a) the type and amount of compensation received by others in similar positions, (b) the compensation levels paid in our particular geographic community, (c) the amount of time the individual spends in their position, (d) the expertise and other pertinent background of the individual, (e) the size and complexity of our organization, and (f) the need of our organization for the services of the particular individual

SECTION 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, has agreed to comply with the policy, and (d) understands the organization 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.

SECTION 7. Periodic Reviews. To ensure the organization operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, period 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; and (b) Whether partnerships, joint ventures, and arrangements with management organizations conform to the organization'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.

SECTION 8. Use of Outside Experts. When conducting the periodic reviews as provided for in Section 7, the organization 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.

### **ARTICLE VIII CONTRACTS, LOANS, CHECKS AND DEPOSITS**

SECTION 1. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. Loans. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness are issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

SECTION 3. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, are signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 4. Deposits. All funds of the corporation not otherwise employed is deposited from time to time to the credit of the corporation in such banks, trust companies or other depositories as the Board of Directors may select.

### **ARTICLE IX FISCAL YEAR**

The fiscal year of the Corporation will begin on the first day of July and end on the last day of June each year.

**ARTICLE X  
MEETINGS**

Section 1. There are twelve (12) meetings of the organization each year, with the meeting in the month of June to be known as the Annual Meeting.

Section 2. Notice of any meeting shall be given at least two weeks previous thereto by written notice delivered personally, mailed to each member of the corporation at the member provided address, or by electronic mail.

**ARTICLE XI  
CORPORATE SEAL**

The Board of Directors may at its discretion provide a corporate seal, which is circular in form and shall have inscribed thereon the name of the corporation and the State of incorporation and the words, "Corporate Seal".

**ARTICLE XI  
WAIVER OF NOTICE**

Unless otherwise provided by law, whenever any notice is required to be given to any director of the corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the applicable Business Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, is deemed equivalent to the giving of such notice.

**ARTICLE XII  
AMENDMENTS**

These Bylaws may be altered, amended or repealed and new Bylaws adopted when necessary by a two-thirds majority of the Board of Directors.

The above Bylaws were approved and adopted by the Board of Directors of the Corporation on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_.

\_\_\_\_\_  
Company Clerk

Rev 8/16/10