

BY LAWS OF
THE CHICAGOLAND LIONEL RAILROAD CLUB, INC.

AN
ILLINOIS NOT FOR PROFIT CORPORATION

ARTICLE I

Name, Offices, and Emblem

Section 1. The name of the Club is the Chicagoland Lionel Railroad Club, Inc. All references in these by-laws to the “Club” are to this corporation.

Section 2. The Club shall maintain a registered office and registered agent in the State of Illinois at such location within the said state as the board of directors may from time to time determine.

Section 3. The Club shall have such emblem as may from time to time be adopted by the board of directors.

ARTICLE II

Purpose and Nature of Club

The purpose of the Club shall be to promote the hobby of model railroading and its allied fields. The Club is organized and operated for pleasure, recreation, and other non-profit purposes as set forth in regulations promulgated by the Internal Revenue Service for non-profit status as a social club. The Club shall not issue shares and no part of any money, property, assets, or net earnings of the Club shall inure to the benefit of any member, director, or officer. The Club shall not engage in any business activities.

ARTICLE III

Powers of the Club

Section 1. The Club shall have all powers granted to non-profit corporations by Illinois law and, in addition to those powers and to the extent allowed by Illinois law, the Club

shall have the powers set forth below:

- a. To raise money through the collection of fees, membership dues, fund raising, sale of merchandise including, but not limited to the sale of model railroad cars built for the Club;
- b. To organize social activities and events;
- c. To establish rules and codes of conduct to be followed by all members at Club functions, activities, and meetings, and relating to the use of any Club property;
- d. To maintain a Club headquarters which shall include: A) a library relating to railroading and model railroading containing magazines, books, video tapes, and other electronic storage media; B) at least one operating Lionel type "O" gauge layout; and C) a place to hold business meetings;
- e. Elect officers and directors, create committees, and appoint committee chairman as may be required to promote operations;
- f. Establish such forms, rules, and operating procedures as the board of directors may, in its discretion, deem necessary;
- g. Establish such print and electronic publications as the board of directors may, in its discretion, deem appropriate.

Section 2. In addition to the above, the Club may do all other things and acts as may be reasonably necessary to perform or carry out the foregoing.

ARTICLE IV

Board of Directors

Section 1. The affairs of the Club shall be managed by or under the direction of the board of directors.

Section 2. The board of directors shall consist of nine persons, four of the directors shall be the executive officers of the Club and five shall be at large directors. At large directors

shall serve two year terms. The board of directors may, in its discretion, increase or decrease the number of at large directors, provided that the number of at large directors shall not be reduced to less than four nor increased to more than 11.

Section 3. There shall be the position of director emeritus which shall be held by Gerald Brettschneider. The board may, in its discretion, name up to four additional persons as directors emeritus. Directors emeritus may participate in board of directors meetings in an advisory capacity only, shall not be counted in determining a quorum, and shall not be entitled to vote. The board may remove any person as a director emeritus at any time and for any reason whatsoever.

Section 4. The board of directors shall have all powers that boards of directors of non-profit corporations may, under Illinois law, exercise, and in addition to those powers, and to the extent allowed by Illinois law, shall have the following enumerated powers:

- a. Establish rules and regulations for members relating to conduct at Club meetings and at any place where the Club layout is displayed;
- b. Establish rules and regulations relating to dress for Club members working the Club layout at any public display of the Club layout;
- c. Establish rules relating to the operation of equipment on any Club layout and relating to the use of Club property or layouts;
- d. Remove any at large director who misses three or more board meetings within a 12 month period and remove any at large director or executive officer who is convicted of any crime or ordinance violation or who is sentenced to supervision for any crime or ordinance violation;
- e. Create one or more committees for the purpose of advising the board. These committees shall be known as advisory committees and may be standing or ad hoc. Advisory committees shall not have the power to bind the Club and shall be composed of such

combination of members and directors or directors only or members only as the board may, in its discretion, determine to be appropriate. The board may determine who shall chair any advisory committee, grant the Club president the power to appoint the chairman, or authorize the advisory committee to appoint its own chairman. Advisory committees act only by a majority vote of committee members present at a meeting at which a quorum is present by phone or in person.

f. Create one committee which shall have the power to act for the board and bind the Club to the extent allowed by Illinois law. This committee shall be known as the management committee. In creating the management committee the board shall have the power to place such limits on its authority as the board may, in its discretion, deem appropriate. The management committee created hereunder shall be composed only of officers or directors at large and shall consist of no less than three persons. The board shall appoint the chairman of the management committee and the members of the management committee. The act of the majority of the management committee members at which a quorum is present shall be an act of the management committee. All actions taken by the management committee shall be reduced to writing and signed by those members of the committee concurring in the committee's action. The names of committee members who do not concur in the action or who abstained shall be noted in the committee's report. The report of the committee as to action taken by it will be delivered to the Club president within 5 days of the committee vote.

g. Dissolve any advisory committee or management committee

h. Create and fill such non-elective offices to assist the board of directors and executive officers as the board may, in its discretion, deem necessary;

i. Confer duties on Club executive officers in addition to those specified herein, and upon action of the board assign all or some of the duties of a particular executive officer to another executive officer;

j. Set dues, the sale price of any merchandise the Club sells, and the sale price of any Club property being sold;

k. Establish procedures and rules for holding elections of executive officers and directors at large;

l. Establish policies, procedures, and rules governing all Club publications, whether in print or in electronic media, establish an editorial board with such powers as the board may deem appropriate to govern any or all Club publications, and provide for appointment of publication editors with such powers and authority as the board may, in its discretion deem appropriate;

m. Do all other things reasonably necessary to carrying out the foregoing powers.

Section 5. The board may hold meetings without notice immediately before or after any scheduled regular meeting. Regular meetings are meetings of the membership. A regular meeting is considered scheduled when it is announced in the Club newsletter or magazine. The board may hold special board meetings upon notice to all board members. Notice may be given by mail or phone and must be given at least 24 hours prior to the time of the special board meeting. The Club president shall have the power to call a special meeting of the board at any time and he shall call a special meeting of the board within 48 hours of receiving a request for a special meeting from at least four board members.

Section 6. Except as otherwise expressly provided herein, the board shall determine whether its meetings shall be open to Club members. Board meetings to discuss pending or potential litigation on behalf of or against the Club or sanctions to be imposed on a member for violations of rules and regulations of the Club shall be closed.

Section 7. Except as otherwise expressly provided, the act of the majority of board members at a board meeting at which a quorum is present shall be an act of the board. A quorum of the board shall be a majority of the total of executive officers and at large directors.

Section 8. Directors may vote in person or, if not present at a board meeting, by telephone or by written vote signed by the non-attending board member and given to an attending board member to cast at the board of directors meeting. Written votes shall not be given to a person who is not a member of the board and if so given shall not be counted. Proxy voting shall not be allowed. For purposes of these by-laws a proxy vote is where a board member gives his right to vote at a board meeting or on any issue before the board of directors to any other person.

ARTICLE V

Officers

Section 1. The executive officers of the Club shall consist of the president, vice president, treasurer, and secretary.

Section 2. Executive officers shall serve a term of two years. Nominations for officers shall be made in October with elections for president and treasurer every odd numbered year and vice president and secretary every even numbered year. The new officers shall take office at the beginning of the first regular meeting after the November annual meeting.

Section 3. The president shall be the chief executive officer of the Club. The president shall be responsible for the total operation of the Club. The president shall preside as chairman at all board meetings and shall preside at all annual and regular meetings. The president shall assume the duties of an office or position which for any reason becomes vacant or may appoint a person to fill such vacancy in an acting capacity until a special election is held to fill the vacancy.

Section 4. The vice president shall become president if the board of directors removes the president or if the office of president becomes vacant for any reason. The vice president shall preside at any board of directors, annual or regular meeting of the Club if the

president is absent.

Section 5. The treasurer shall keep financial records of the Club, collect all funds due to the Club, and, upon approval of the board of directors, invest all Club funds, pay all Club debts timely, and disburse Club funds. The treasurer shall also prepare or cause to be prepared and timely file all tax returns required to be filed by any federal, state, or local authority. The treasurer will make all Club books available for inspection and audit by the board of directors or such person designated by the board of directors to conduct such audit on an annual basis and at such other times as the board of directors may, in its sole discretion, determine. The treasurer shall become president if the president is removed by the board of directors or the office of president becomes vacant and if the office of vice president is vacant. The treasurer shall preside at any board, annual or regular meeting if the president and vice president are absent.

Section 6. The secretary shall keep a record of proceedings at all board of directors and regular meetings. The secretary or such other person as the board may, in its discretion designate, shall be responsible for preparation and mailing of the Club newsletter and all other mailings to the members and the general public.

Section 7. The board of directors may, on action of two thirds of the board members remove any executive officer who, in the sole determination of the board, fails to perform his duties to the satisfaction of the board or who fails to implement any policy or other directive of the board of directors. The board of directors may, on action of a majority of the board members remove any person from any office created by it.

ARTICLE VI

Membership

Section 1. Membership in the Club shall be open to all persons and their families, regardless of race, creed, sex or religion, who have or are interested in model railroading and related fields. Membership is open to persons who run model trains or collect model trains and

to railfans. Membership is not restricted by gauge, although the Club will concentrate in Lionel.

Section 2. There shall be two types of members, regular members and family members.

Section 3. A person who is at least 18 years old and who pays the annual dues is a regular member. A regular member is entitled to all voting privileges, is eligible for election to the board of directors or to an executive office of the Club, if he meets the qualifications required to be a Club executive officer or director at large. A regular member, the spouse of a regular member, and any dependents of a regular member under the age of 18 may participate in Club events. The spouse and dependents of a regular member are not entitled to vote in any Club election or on any matter on which members may vote and they are not eligible to hold any Club office, without regard to whether that office is created under these by-laws or by action of the board of directors.

Section 4. A person who is at least 18 years old and who pays the annual family membership dues is a family member and, in addition, the spouse of a family member and any dependent of a family member who is under the age of 18 are also family members. Family members who are at least 18 years old shall be entitled to vote, may run for any executive office or director at large, if they meet the eligibility requirements for those positions.

Section 5. Only regular and family members are allowed to serve on any Club committee.

Section 6. The board of directors may, in its discretion, confer the title of Honorary Member on any person. Honorary members are not required to pay dues. Honorary members are not entitled to vote, hold office, or serve on the board of directors. An honorary member may also become a regular member or a family member.

Section 7. The first year of membership shall be a probationary period which can be terminated by action of the board of directors at any time and for any reason other than race,

creed, sex, or religion.

Section 8. The board of directors may, on the agreement of a majority, refuse to renew the membership of a probationary member for any reason other than that member's race, creed, sex, or religion.

Section 9. Conviction of any crime, theft, vandalism, disorderly conduct, violations of any rules or regulations adopted by the board or of these by-laws, or any activity injurious or hostile to a member or the Club shall be grounds for sanction which shall include expulsion, suspension, or reprimand as the board of directors may determine. Prior to sanctioning a member the board shall make such inquiry as it shall, in its sole discretion, deem adequate and determine whether a sanctionable violation has been committed by a member. After determining that a member has engaged in sanctionable conduct, the board shall determine which sanction or sanctions to impose. After determining which sanction or sanctions to impose the board shall in writing notify the member of its determination. After receiving notice the member may request a private meeting with the board of directors for the purpose of requesting that it reconsider the sanction it has imposed. The member has a right to be present without an attorney and shall not have the right to electronically record or in any way electronically monitor the meeting. The board may, in its discretion, refuse to hold a meeting with the member if the member is accompanied by an attorney or wishes to electronically record or monitor the meeting. Following the decision of the board with respect to reconsideration of any sanction it has imposed, a sanctioned member may appeal to the membership at any regular meeting or at the annual meeting. The member has a right to be present at the meeting without an attorney when the meeting reviews the sanction imposed on the member by the board. The member shall not have the right to record or electronically monitor the meeting. The membership shall not review any sanction if the member is accompanied by an attorney or wishes to record or electronically monitor the meeting. The appeal to the membership shall be heard by and decided by the

majority vote of the members present at that meeting. No special meeting of the members shall be called to consider any decision of the board to impose any sanction and the membership shall not consider the appeal of any member who is accompanied by an attorney.

Section 10. In addition to any sanction the board of directors may impose on any member, and in addition to any other legal or equitable remedies the Club may have, any member who causes damage to Club property either intentionally or through recklessness or who steals Club property is also liable for the cost of repairing the damage to the Club property or replacing that property with the same property or with property of equal value.

Section 11. Failure to pay dues within 60 days after the date upon which payment is due shall, without action by the Club and without notice, result in the automatic termination of membership. The Club is not required, though in its discretion it may, send a notice of delinquency prior to termination.

Section 12. All notices required to be mailed or which are mailed by the Club to any member or members shall be sent by ordinary first class mail to the address shown for the member or members in the Club's membership records. Notice mailed by ordinary first class mail to that address shall be deemed given upon mailing.

ARTICLE VII

Business Transactions Between Members And The Club

Section 1. Other than a member who is engaged in the business of selling property, service, or things of value, or a member who is employed by or an agent of a person engaged in such business who sells such property, service, or thing of value to the Club, any Club member or honorary member who sells any property, service, or other thing of value to the Club shall, prior to selling such property, service, or thing of value to the Club. disclose in writing to the board of directors or any committee of the board of directors charged with making recommendations to the board about spending of Club money, the cost of that property, service,

or thing of value to the member.

Section 2. Other than a member who is engaged in the business of selling property, service or a things of value, or a member who is employed by or an agent of a person engaged in such business who sells such property, service, or thing of value to the Club, any Club member or honorary member who sells property, service, or thing of value to the Club shall sell such property, service, or thing of value to the Club at the member's cost. The board of directors may, upon disclosure satisfactory to it, in its sole determination, agree to purchase any property, service, or thing of value from a Club member at a profit to the Club member.

Section 3. In the event a Club member other than one entitled by section 2 of this article to do so, sells any property, service, or thing of value to the Club at a profit the Club may, in its sole discretion, at any time before or after completion of the contract rescind any such contract with that member, and in addition to any other legal or equitable remedies the Club may have, the Club shall be entitled to disgorgement of all profits made by the member together with reasonable interest thereon. Within 5 days of a demand for disgorgement the member shall disgorge to the Club all profits made on the transaction together with reasonable interest. Any member who sells any property, service, or a thing of value to the Club who is required by Section 2 of this Article to sell such property, service, or thing of value to the Club at cost and who fails to do so shall also pay all reasonable attorney's fees and court costs incurred by the Club in seeking rescission and disgorgement.

ARTICLE VIII

Club Meetings and Operations

Section 1. The Club shall hold its annual meeting on the first Friday of each November or on such other day in November as the board may determine and shall hold regular meetings at least quarterly thereafter. Notice of the annual meeting and of any regular meetings of the Club shall be deemed given to all members and shall be deemed sufficient for all purposes

when the date, place, and time of any such meeting is published in the Club's newsletter.

Section 2. The Club will build and maintain at least one "O" gauge layout which shall be accessible to all members on a regular basis as determined by the board.

Section 3. The Club will establish and maintain a library of books, magazines, video tapes and other media relating to railroads and model railroading.

Section 4. The Club shall publish a printed publication for the membership at least once each calendar quarter.

Section 5. The Club shall organize social events which may, but need not include rail fan trips, tours, picnics and sporting events.

ARTICLE IX

Use of Club Facilities

No person other than a regular, family, or honorary member or the guest of such member in the presence of such member shall use any facilities or property owned or operated by the Club.

ARTICLE X

Qualifications for Office and Elections

Section 1. The qualifications for executive officers and directors at large are that the person must be: a) a regular or family member of the Club for at least one year prior to election and b) have a record of reliability at Club activities. The board of directors shall determine what constitutes a record of reliability at Club activities and may, in its sole discretion, waive the one year membership period.

Section 2. Elections shall be held at the annual meeting of the Club which shall be the first Friday in November or on such other date in November as the board may select. A nominating committee and chairman shall be appointed by the president in September of each year, at least 45 days prior to the November election. The nominating committee shall select

candidates for executive officers and directors at large whose terms are due to expire at the first meeting following the November annual meeting. The nominating committee, including the chairman, shall consist of two members of the board not running for election and not less than one nor more than five regular or family members. No member of the nominating committee may be a candidate in the election for which the nominating committee is selecting nominees. The nominating committee shall submit the names to the board at least 14 days prior to the November elections. If the board determines that any one or more nominated candidates fail to meet the qualifications for office, the board shall notify the nominating committee which shall nominate a new candidate or candidates who do qualify. When the board determines that all candidates qualify it shall cause ballots to be printed and distributed to all members during the month of October. Ballots may be cast in person or by mail prior to or at the annual meeting in November. All ballots will be counted at the annual meeting and the results of the election shall be announced at that meeting.

Section 3. In the event a vacancy occurs in any executive office or on the board of directors, the membership at any regular meeting may, by a majority vote of those present, fill such vacancy by a special election. The officer or board member so elected shall serve out the unexpired portion of the term he is elected to fill. Nominations of persons to fill the vacancy may be made at the same regular meeting at which voting to fill the vacancy is held.

ARTICLE XI

Dissolution of the Club

In the event that the Club dissolves, all assets shall be divided equally among the members at that time.

ARTICLE XII

Amendments

These by-laws may be amended by unanimous vote of the directors or the vote of 60% of the regular and family members, or a 2/3 vote of the regular and family members present at any meeting at which a vote on the amendment is taken. Notice of a vote to amend these by-laws shall be deemed given when given at least two weeks prior to such vote by announcement appearing in any Club publication sent to all members at least once each quarter or by actual notice mailed to all Club members.

ARTICLE XIII

Ratification

These by-laws shall be deemed ratified if adopted by any of the methods specified in Article XII above. Upon ratification all directors, except for the Honorary Director, elected under the authority of the previous by-laws shall serve out the terms of office to which they were elected. If ratification occurs in an odd numbered year the vice president and secretary shall serve out their term and the president and treasurer shall serve until the next odd numbered year in which an election is held. All committee chairmen selected or appointed shall continue to serve in that capacity until changed or removed in a manner authorized by these by-laws, and all committees constituted under the previously existing by-laws shall continue their existence until abolished or changed in a manner authorized herein. All resolutions adopted by the Club or the board of directors under the previous by-laws shall remain in effect until changed in a manner authorized by these by-laws. The position of Honorary Director created under the previous by-laws shall be abolished upon ratification.

Approved by unanimous vote of the directors present, January 2, 1998.

Herb Koch, President

AMENDMENTS TO BY-LAWS

Pursuant to Article XII of the *By Laws of the Chicagoland Lionel Railroad Club, Inc.*, and pursuant to the unanimous vote of the directors of the Chicagoland Lionel Railroad Club, Inc., on September 10, 1999, after unanimously waiving notice, Article VI, Article IX, and Article XI of the *By Laws of the Chicagoland Lionel Railroad Club, Inc.* are amended as follows, effective immediately:

Amendments To Article VI

Section 1. Unchanged

Section 2. [Section 2 is amended by deleting the existing wording of that Section and inserting the following new language.] *There shall be three classes of members, regular members, associate members and honorary members. In addition to any rights and privileges accorded to a class of members in these By-Laws, the board of directors may confer such additional rights and privileges on each class of members as it may, in its discretion, deem appropriate. However, the board of directors shall not have the power to confer voting rights, the right to hold any office in the Club, or the right to receive a distribution of Club assets upon dissolution of the Club on any class of members other than regular members. The board of*

directors may eliminate, reduce, or change the rights and privileges of any class of members at any time without notice, provided, however, that with respect to regular members, the board of directors shall not have the power to eliminate voting privileges, the privilege of holding an office in the Club, or the privilege of receiving an equal distribution of Club assets upon dissolution of the Club. The board of directors may create such additional classes of members as it may, in its discretion, deem appropriate and confer such rights and privileges on such new classes of members as it may, in its discretion, consider appropriate, provided however, the board of directors shall not have the power to confer voting rights, the right to hold office in the Club, or the right to receive a distribution of Club assets upon dissolution of the Club on any new class of members. The board of directors may eliminate, reduce, or change the rights and privileges of any new class of members at any time, without notice. When used in these By-Laws, the term "member" means a person who is a regular, associate, or honorary member, or any other type of member that may hereinafter be created by the board, unless another meaning is clearly meant.

Section 3. Unchanged

Section 4. Previously Abolished.

Section 5. [Section 5 is amended by deleting the existing wording of that section and inserting the following new language.] *Only regular members are allowed to serve on any Club committee.*

Section 6. Unchanged.

Section 7. Unchanged.

Section 8. Unchanged.

Section 9. Unchanged.

Section 10. Unchanged.

Section 11. Unchanged.

Section 12. **Unchanged.**

Amendments To Article IX

[Article IX is amended by deleting the existing wording of that Article and inserting the following new language.] *Except as otherwise provided by the board of directors, no person other than a regular or honorary member or guest of such member, in the presence of such member, shall use any facilities or property owned or operated by the Club.*

Amendments To Article XI

[Article XI is amended by deleting the existing wording of that Article and inserting the following new language.] *In the event that the Club dissolves, all assets shall be divided equally among the regular members at that time.*

The foregoing amendments to the ***By-Laws of the Chicagoland Lionel Railroad Club, Inc.*** are, following unanimous waiver of notice by the directors, approved, unanimously by the directors of the Club this 10th day of September, 1999 and are to take effect immediately.

Herb Koch, President

Rich Thayer, Vice President

Mary Reich, Secretary

Irwin Bross, Treasurer

Bill Reich, Director at Large

Bob Ciolino, Director at Large

Lyle Eiman, Director at Large

John Flinn, Director at Large

Edward Carter, Director at Large

AMENDMENT OF ARTICLE XI OF THE BY-LAWS OF THE CHICAGOLAND LIONEL RAILROAD CLUB, INC.

Pursuant to Article XII of the By-Laws of the Chicagoland Lionel Railroad Club, Inc., Article XI of the By-Laws of the Club is amended as set forth below. Deleted portions of the existing By-Law are ~~struck out~~ and new provisions are underlined.

ARTICLE XI

Dissolution of the Club

~~In the event that the Club dissolves, all assets shall be divided equally among the members at that time.~~

In the event that the Club dissolves, all assets of the Club shall be sold and the net proceeds from the sale of Club assets together with all cash on hand (Hereinafter referred to as "cash.") shall be divided as follows: 1) One half of all the cash shall be divided equally among all regular members in good standing who have been regular members continuously for the ten years prior to March 1 of the year in which the cash is distributed and 2) the remaining half of the cash shall be divided equally among all regular members in good standing who have been regular members continuously for at least five years prior to March 1 of the year in which the cash is distributed. Regular members in good standing who have been regular members continuously for less than five years prior to March 1 of the year in which the cash is to be distributed, associate members, and any other class of members now or hereinafter created by the Board of Directors, will not receive any portion of the cash distribution.

Approved by unanimous vote of the Board of Directors this ____ day of _____, 2006.

Herb Koch, President

John Flinn

Charles Cereghino

Irwin Bross

Rich Thayer

Lyle Eimen

Bob Ciolino

Swav Kojro