

Constitution of The Lionel Operating Train Society

Revised July 2004

ARTICLE I – ORGANIZATION

Section 1: The name of the club shall be the "Lionel Operating Train Society" (hereinafter referred to as "LOTS") which shall be an Ohio not-for-profit corporation.

Section 2: The legal address of the club shall be the address of the Ohio resident appointed as Statutory Agent each July by the Board of Directors for the next calendar year.

Section 3: The period of duration of the club is perpetual.

Section 4: The purpose for which the club is organized is to promote the enjoyment of operating Lionel and Lionel compatible toy trains and accessories.

Section 5: The LOTS motto is: "Operating Lionel trains and accessories gives great pleasure".

Section 6: The club's emblem is the Lionel ZW transformer.

ARTICLE II - CLUB OBJECTIVES

Section 1: The club shall strive to promote operating toy trains and accessories by:

- A. Disseminating information and fostering an active dialogue about various aspects of building layouts including track planning, benchwork construction, and installation of roadbed, track, wiring and scenery.
- B. Disseminate information and foster an active dialogue about the repair, restoration and kit bashing of toy trains.
- C. Promote fellowship among toy train enthusiasts by bringing Lionel operators together to run toy trains.
- D. Cooperate/partner with others to exhibit operating layouts to the public.
- E. Issue Lionel toy train convention commemoratives as close to prototypical as possible as authorized by the Board of Directors.
- F. Facilitate the trading and selling of toy trains and accessories for operators by establishing standards for their operating condition and coordinating these standards with other national toy train clubs.

Section 2: The club shall strive to establish effective member communications and relationships by:

- A. Holding an annual convention on a weekend as close to July 15 as possible.
- B. Conducting an Annual Business Meeting during the annual convention to disseminate club information and obtain member input.
- C. Authorizing and sponsoring club train meets.
- D. Maintaining internet services including a website which promotes the club and its activities and provides members with information to contact other members (the *Roster*).

Section 3: The club shall strive to educate members by publishing (via print, internet and other media forms) club publications including *Switcher*, *Track Changes* and such other publications as may be authorized by the Board of Directors.

Section 4: The club shall strive to effectively operate the club for the benefit of its membership by:

- A. Electing qualified members as officers to run the day-to-day business of the club, and electing qualified members as directors to set club policy and provide direction to the officers.
- B. Remain a national club, and shall not divide its autonomy into smaller groups such as divisions or chapters.

ARTICLE III – MEMBERSHIP

Section 1: Membership Requirements

- A. The Board of Directors may, from time to time at its discretion, adopt requirements for applicants for membership except as hereinafter provided.
- B. Membership shall be open to all persons, regardless of age, race, creed, color or sex, provided, however, that all charter, regular and junior membership applicants should be operators of Lionel and Lionel compatible trains and accessories.

Section 2: Application Procedure

- A. All applications for membership must be accompanied by the appropriate initiation fee, annual dues and assessments established by the Board of Directors.
- B. The names of all applicants for membership shall be transmitted to the Board of Directors which shall review them prior to the acceptance of the applicants into membership and the issuance of membership cards. All applicants meeting the requirements set forth in Section 1B of this Article shall be accepted into membership unless they are disapproved pursuant to Section 2C of this Article.
- C. No applicant for membership may be disapproved by any director unless such disapproval is for good cause. If any director disapproves an application, such disapproval must be written and must specifically set forth the director's reasons for such disapproval. The disapproval for good cause of any application by any director shall bar the applicant's membership unless a majority of the Board of Directors votes to admit the applicant.
- D. A declined applicant may not re-apply for membership for a period of one (1) year from the date of any disapproval. The action of the Board of Directors is final and is not subject to appeal or reversal.

Section 3: Classification of Members

- A. Charter Members (CM). A charter member is a member who has applied for and been accepted into membership on or before March 31, 1980. Charter members shall pay annual dues and other assessments, if any, as prescribed in the Administrative By-Laws, but shall pay no initiation fee. Some charter members from the club's inception to March 31, 1980 may be 17 years of age or under, and these members are considered charter members and not junior members.
- B. Regular Members (RM). A regular member is a person 18 years of age or older who applies for membership on or after April 1, 1980. Regular members shall pay the initiation fee, annual dues and other assessments, if any, as prescribed in the Administrative By-Laws.
- C. Junior Members (JM). A junior member is a person 17 years of age or younger who applies for membership on or after April 1, 1980. Junior members shall pay the initiation fee, annual dues and other assessments, if any, as prescribed in the Administrative By-Laws.
- D. Family Members (FM). A family member is the spouse, or a child or step-child twenty-two (22) years of age or younger, of a charter, regular, honorary charter or distinguished member who applies for this type of membership on or after January 1, 1984. Family members must reside at the same address as the charter, regular, honorary charter or distinguished member. Family members shall pay the initiation fee, annual dues and other assessments, if any, as prescribed in the Administrative By-Laws.

- E. Honorary Charter Members (HCM). An honorary charter member is any person whom the Board of Directors, by unanimous vote prior to July 1, 1993, determines to be deserving of special honor and/or recognition. Honorary charter members shall pay no initiation fee, annual dues or assessments.
- F. Distinguished Members (DM). A distinguished member is any charter member or regular member whom the Board of Directors, by unanimous vote subsequent to June 30, 1993, determines to be deserving of such recognition by virtue of exceptional service to the club. Distinguished members shall pay no annual dues or assessments.
- G. Honorary Member (HM). An honorary member is any non-member whom the Board of Directors, by unanimous vote subsequent to June 30, 1993, determines to be deserving of such recognition by virtue of exceptional efforts to further the purpose for which the club was organized. Honorary members shall pay no initiation fee, annual dues or assessments, and shall have no voting rights.

Section 4: Duties and Rights of Members

- A. Grading Standards. Members are required to use the grading standards set forth in the Administrative By-Laws when describing the appearance and operating condition of train items to members of this club or any other national club.
- B. Right of Return. Any member who acquires a train article from another member has the right, within five (5) days of receipt, to return, at the buyer's expense, the article for a full refund if he finds that it does not meet the grading standard by which it was offered.
- C. Honorable Conduct. Members are expected to promote the purposes and objectives of the club and conduct themselves honorably at all times.
- D. Inspection of Club Records. The financial and other records of the club shall be open to the members for inspection upon written request to the President with thirty (30) days notice. The President shall determine the date, location and time of any such inspection.
- E. Club Functions. All club functions shall be open to all members and their families. All members must show a current LOTS membership card or proof of application for membership to gain admission to LOTS functions. Those attending shall be expected to conduct themselves in an orderly manner. Guests may be admitted to club functions upon approval of the function host or the LOTS President or Vice President. Nothing herein shall preclude the charging of admission or registration fees for club functions.
- F. Conduct at Club Functions. All persons admitted to LOTS functions must comply with the club's Constitution and By-Laws. Members attending shall be expected to conduct themselves in an orderly manner. Members shall be responsible for the conduct of their families and guests. Anyone not conducting himself in an orderly manner may be asked to leave by whoever is presiding over the function.
- G. All charter, regular, honorary charter and distinguished members shall have the right and duty to vote in all elections of officers and directors and upon all issues, resolutions and proposed amendments to the Constitution. Junior, family and honorary members shall have no voting rights.

Section 5: Complaints

- A. Transactions, Dishonesty, and Malfeasance of Office. Any member in good standing may file with the club's Immediate Past President ("IPP") a complaint regarding any transaction, dealing or relationship with any other LOTS member. Complaints involving any activity that may subject members or officers to discipline including, but not limited to, dishonesty, fraudulent misrepresentation, malfeasance of office, conviction of felony, and issuance of "insufficient funds" checks shall be made to the IPP. All such complaints shall be made in writing using LOTS Form C-1. The IPP or his designee shall immediately contact the member against whom the complaint was filed, in writing, and request a response within 30 days. Failure to respond shall be deemed an admission of all allegations described in the complaint. The IPP or his designee shall attempt to mediate the complaint within 30 days after receipt of the response. If the complaint is not successfully mediated within this time period, or if no response is received, the IPP shall recommend appropriate action to the Board of Directors

and refer the results of his investigation, including any documentation received from the parties, to the President for conveyance to the Board of Directors for final disposition. In the event the IPP is a party to the dispute, the complaint shall be filed with the President who shall appoint a neutral member of the Board of Directors to fulfill the IPP's responsibilities hereunder.

- B. Immediate Irreparable Harm to Club or Member. Any member in good standing may file a complaint with the IPP against any other member whose public actions, words or other communications may bring disgrace and dishonor to the club, or against any member who causes another member to be mentally or physically harmed or harassed. The complaint, investigation and mediation provisions of Section 5A shall apply to this Section 5B unless the IPP reasonably believes that the harm to the member or club is immediate and irreparable. In such cases, the IPP shall request a response to the complaint within 10 days and the mediation period shall be reduced to 10 days. Mediation shall not be required if the IPP reasonably believes that such attempt would be futile or if the harm to the member or club is significant.

Section 6: Disciplinary Action

- A. Actions, conduct and/or performance of members that are not in the best interest of the club and its membership shall be grounds for removal from office and/or termination of membership. Termination of a membership shall mean barring from any and all LOTS functions and elimination from the membership rolls. Grounds for removal from office or termination of a membership shall include, but are not limited to, the following: non-payment of dues; dishonesty; fraudulent misrepresentation; malfeasance of office; gross failure to perform the duties of office; conviction of a felony; issuance of "insufficient funds" checks; public actions, words or other communications that bring dishonor or disgrace to the club; and communications or actions that cause another member to be mentally or physically harmed or harassed.
- B. A membership in LOTS may be suspended or terminated for good cause by an affirmative vote of four of the five directors after the Board has reviewed the IPP's recommendation and all supporting documentation. The duration and terms of any suspension shall be determined by the Board.
- C. Any officer or director may be removed from office for good cause by an affirmative vote of four of the five directors after the Board has reviewed the Vice-President's recommendation and all supporting documentation.
- D. The Board of Directors may take whatever action it deems appropriate relative to any complaint that reaches the Board of Directors. The action of the Board of Directors is final. (Omitted language-see note) The decision of the Board of Directors on any complaint shall be considered in the best interests of the membership of LOTS and shall not subject the Board of Directors, or any member thereof, to personal liability.
- E. A suspended member may be reinstated to full membership, under such terms and conditions as the Board of Directors deems appropriate, upon the affirmative vote of four of five directors.

ARTICLE IV – OFFICERS

Section 1: Officers. The officers of LOTS shall consist of a President, Vice-President, and Secretary-Treasurer. Eligibility and qualifications for office shall be as set forth in Article VI, Sections 1 and 2, hereof.

Section 2: Duties of Officers. It shall be the duty of the officers to operate LOTS throughout the year. The officers will meet during the annual convention. At each meeting, the officers will resolve all matters pertaining to the operation of LOTS. The officers may prepare, for submission to the Board of Directors, any club objectives they have and any policy recommendations they wish the Board to consider. The officers shall also render written or oral reports on their activities at the Annual Business Meeting. The respective officers shall be charged with the following duties:

- A. President. The President shall be the chief executive officer of LOTS and shall preside at all officer meetings and the Annual Business Meeting. He shall have all powers usually vested in a President of a not-for-profit train club including the power to appoint all appointed officials and committees and the power to rescind such appointments. The President shall supervise and oversee the officers and all appointed officials and committees.
- B. Vice-President. The Vice-President shall chair the Convention Committee, schedule and coordinate all annual conventions and all LOTS train meets (in consultation with the Board of Directors), secure the annual convention

car and any other commemorative issues, and perform such other duties as are assigned to him by the President. The Vice-President shall also have all of the powers of, and assume all of the duties of, the President in the President's absence, death or incapacity.

- C. Secretary-Treasurer. The Secretary-Treasurer or his designee shall be responsible for preparing and distributing all club information and literature except club those publications that have appointed editors. The Secretary-Treasurer shall chair the Finance Committee and be responsible for and oversee the financial records of LOTS. He shall issue the club's annual financial report for presentation at the annual convention, and shall make additional reports to the club from time to time as the President or Board of Directors deem necessary. All club monetary accounts will require any two of four signatures. The four authorized signatories will be the President, Vice-President, Secretary-Treasurer and Business Manager. The Secretary-Treasurer shall keep the minutes of the club meetings. He shall also have the power to appoint an Assistant Secretary to assist him in any way.

Section 3: Terms of Office. The terms of office for all officers shall be for three years, from the close of the Annual Business Meeting through the close of the Annual Business Meeting three years hence.

Section 4: Replacement of Officers

- A. Any officer may resign at any time by giving at least thirty (30) days written notice to the President and to the Chairman of the Board of Directors.
- B. A vacancy in the office of President because of death, resignation, removal for good cause, disqualification or any other reason shall be filled by the Vice-President who shall serve out the remainder of the President's unexpired term of office.
- C. A vacancy in the office of Vice-President, or Secretary-Treasurer because of death, resignation, removal for good cause, disqualification or any other reason shall be filled by a person selected by the President subject to prior approval by a majority vote of the Board of Directors.

ARTICLE V - BOARD OF DIRECTORS

Section 1: Board of Directors. The Board of Directors shall be composed of five members consisting of the President, the Immediate Past President and three directors who shall be elected at large. The Chairman of the Board of Directors shall be the Director at Large who is elected to such position by a majority vote of the five directors at their first ~~annual~~ meeting following the election. Eligibility and qualifications for office shall be as set forth in Article VI, Sections 1 and 2, hereof.

Section 2: Duties of Board of Directors. It shall be the duty of the Board of Directors to represent the interests of the club and the entire membership by establishing policy and providing direction to the officers. The Board of Directors shall resolve all disputes as defined in Article III, Section 5, hereof. The Board shall also have the power to attend to all needs of the club not otherwise defined and, in the case of any dispute regarding interpretation of the Constitution or Administrative By-Laws, the Board's decision will be final and not subject to appeal.

- A. Regular Board of Directors Meetings. The Board of Directors will meet during the annual convention. At each meeting, the officers, if so requested, will render written or oral reports on their activities. The Board is empowered to request others to attend its meetings when the Board deems it necessary. Notice of such meeting shall be sent to each Board member by the Chairman of the Board or his designee not less than seven (7) days prior to the meeting. A quorum shall consist of not less than three Board members. The Chairman of the Board will preside at all regular and special Board meetings. In the event the Chairman of the Board is unable to be present at any regular or special Board meeting, the Immediate Past President, or such other director as is designated by the Chairman of the Board, shall preside at such meeting.
- C. Special Board of Directors Meetings. Special Board meetings may be called by any one of the following methods: by the President; by the Chairman of the Board; by three of the directors; or by certified petition of 10% of all members in good standing entitled to vote. Special Board of Directors meetings may be called to deal with specific issues only, but the Board members may also discuss and act on any other issues they deem necessary at such special meetings. Notice and quorum shall be as described in Section 2B of this Article. Special Board of Directors meetings may be held in person or may be conducted by telephone, mail, electronic

mail (e-mail), or by electronic conference (internet).

- C. Action Without Formal Meeting. The Board of Directors may consult with officers, conduct the business of the club, consider motions and act by electronic mail (e-mail) without formal meetings upon such procedures as it may adopt. Such procedures shall be stated in the Administrative By-Laws and shall provide reasonable time for debate and casting of votes. The vote of at least three directors or their proxy holders shall be required to approve any motion.
- D. Audits. The Board of Directors shall audit the books and records of LOTS annually as soon after the end of the club's tax year as possible. The Board may delegate this responsibility by retaining the services of a qualified individual who shall perform such audit as aforesaid and then render a written report to the Board.
- E. Administrative By-Laws. The Board of Directors is hereby authorized to adopt, delete, amend or change the Administrative By-Laws from time to time as it deems appropriate, provided, however, that the Administrative By-Laws shall not in any way conflict with the Constitution. In the event of any such conflict, the Constitution shall prevail.
- F. Actions of the Board of Directors. Except where otherwise required in this Constitution, at all regular and special Board meetings, the action of the Board of Directors shall be the majority vote of the quorum. Except where otherwise required in this Constitution, in the event the Board is requested to decide an issue which is not required to be decided at a regular or special Board meeting, the action of the Board shall be the majority vote of those who respond to the request.
- G. Appointment of Proxy. In the event that a member of the Board of Directors is unable to attend any meeting of the Board, he or she may appoint a proxy. This proxy can be any member in good standing of LOTS. The member carrying the proxy shall not pass the proxy to any other LOTS member. The Board member giving the proxy shall notify the Chairman of the Board in writing or by electronic mail (e-mail) as soon as is practical. The member to whom a proxy has been given shall also notify the Chairman of the Board in writing or by electronic mail (e-mail) of his acceptance of the proxy. The duration of the proxy shall be limited to the duration of the meeting ~~called by the CBOD~~.
- H. Director's Policy Book. The Chairman of the Board or his designee shall maintain a Director's Policy Book which shall record all LOTS policy decisions made by the Board including changes to the Administrative By-Laws.

Section 3: Terms of Office. The terms of office of directors shall be for three years, from the close of the Annual Business Meeting through the close of the Annual Business Meeting three years hence.

Section 4: Replacement of Directors

- A. A director may resign at any time by giving at least thirty (30) days written notice to the President and to the Chairman of the Board of Directors.
- B. Should the position of Chairman of the Board of Directors become vacant because of death, resignation, removal for good cause, disqualification or any other reason, such position shall be filled by a person selected by a majority of the remainder of the Board.
- C. Should any of the other director positions become vacant because of death, resignation, removal for good cause, disqualification or any other reason, such position shall be filled by a person selected by the Chairman of the Board.

ARTICLE VI - NOMINATIONS AND ELECTIONS

Section 1: Eligibility

- A. No officer or director of LOTS may hold any officership or directorship in any other national train club,

association or society. A national train club, association or society is defined as any train organization with members located in more than ten states.

- B. Neither the *Switcher* editor nor the Business Manager nor any other member of the club who is paid more than \$500.00 per year shall concurrently hold an elective LOTS office.
- C. No person who has ever been removed from office for good cause shall be eligible for election as either an officer or director, unless reinstated by the affirmative vote of four of five Directors at least three months prior to the date the ballots are to be mailed.
- D. No person may run for more than one elective office in LOTS on the same ballot. No person may hold two elective positions in LOTS at the same time. Neither the President nor an Immediate Past President who is elected to one of the other officer positions shall be deemed to hold two elective positions in LOTS at the same time by virtue of their membership on the Board of Directors.
- E. No person may be elected to the same office for more than two consecutive terms.
- F. No two members of LOTS residing in the same household or two LOTS members from the same family wherever they may reside shall hold elective office at the same time. For purposes of this paragraph, a “family” relationship shall exist between a parent, child, sibling, Aunt, Uncle, or 1st cousin of another LOTS member. No member of LOTS who received compensation in excess of \$500.00 per year within 6 months of mailing the ballot shall be eligible for elected office.

Section 2: Qualifications. Candidates for an officership or directorship must meet the following minimum qualifications:

- A. Candidates must be charter, regular, honorary charter or distinguished members in good standing of LOTS and must be at least 21 years of age on the date of publication of the ballot.
- B. Candidates must have been members in good standing of LOTS for not less than twenty-four (24) months prior to the date of publication of the ballot.
- C. Candidates must be bondable by the LOTS bonding carrier.
- D. **President Qualifications.** Candidates for President shall have served at least one term as LOTS Director, Vice President, Secretary-Treasurer, Convention Host, Committee Chair, as an officer or director of another national toy train club, or have similar experience as determined by the Nominating Committee.
- E. **Secretary/Treasurer.** As a minimum qualification for office, all candidates for Secretary/Treasurer must be familiar with generally accepted bookkeeping principles, and must agree to maintain the club’s financial records strictly in accordance with current accepted financial practices required by the Internal Revenue Service for not-for-profit corporations.

Section 3: Nominating Committee

- A. The President shall appoint a Nominating Committee and Chairman within sixty (60) days following the close of the annual convention. The Nominating Committee, including the Chairman, shall consist of not less than three nor more than five charter, regular, honorary charter or distinguished members. No member of the Nominating Committee may be a candidate in the election for which the Nominating Committee is seeking nominees.
- B. The Nominating Committee Chairman shall cause to be published in the December issue of the applicable club publication a notice requesting nominations for the officerships or directorships becoming vacant the following July. The notice shall state that all nominations must be received by February 1. Any member of the general membership may nominate himself for any position for which he is eligible under Section 2 of this Article.
- C. All nominations shall be submitted to the Nominating Committee for its consideration. The Nominating Committee shall strive to slate a minimum of two nominees for each of the three officerships and a minimum of six nominees for the three directorships. On or before February 15, the Nominating Committee shall present its slate of candidates to the President, and shall notify each nominee whether or not he was slated.

Section 4: Petition. Any charter, regular, honorary charter or distinguished member, eligible as stipulated in Sections 1 and 2 of this Article, who was nominated as a candidate for an officership or directorship in LOTS, but was not slated by the Nominating Committee, may have his name placed on the ballot by petition. Such petition shall state for which position the member desires to be a candidate and shall contain the supporting signatures of such number of members in good standing entitled to vote as is equal to at least fifteen percent (15%) of the members who voted in the last annual balloting. Such petition must be received by the Secretary-Treasurer by March 15 who shall verify the validity of the signatures of the members signing said petition. Upon verification of the petition, the petitioning member's name shall be placed on the ballot as a candidate for the position he is seeking.

Section 5: Balloting. The Nominating Committee Chairman shall cause a ballot to be prepared, with provisions for write-ins, which shall be mailed to all members in good standing entitled to vote on or about April 1. All ballots shall state that they must be received before June 1 to be counted, and all ballots so cast shall be counted on June 1.

- A. The officer candidate receiving the largest plurality of votes cast shall be the winner of each of the following offices: President, Vice-President, and Secretary-Treasurer.
- B. The three director candidates receiving the greatest number of votes shall be the winners of the three directorships.
- C. The Immediate Past President shall not vote in any officer or director balloting unless there is a tie. In the event of a tie, he will then vote to break the tie.

Section 6: Campaigning. Except for the publication of a candidate's qualifications and statement in the printed materials that accompany the annual ballot or printed material in the *Switcher*, no candidate for an officership or directorship may otherwise solicit or encourage, either directly or indirectly, votes from the membership at large other than by in person word of mouth. Soliciting votes or campaigning for or against a candidate by the use of telephone, mail, telegram, fax, or e-mail is specifically prohibited. Any campaigning or solicitation of votes by any means not permitted shall result in the immediate disqualification of the candidate and his possible expulsion from the club pursuant to Article III, Section 6, hereof. Nothing herein shall prevent a candidate from responding to an individual member if questioned about his candidacy or a specific topic.

ARTICLE VII - MEETINGS OF MEMBERS

Section 1: Annual Business Meeting. The annual meeting of the membership shall occur once each year during the annual convention.

Section 2: Notice. Notice of the time and place of the Annual Business Meeting will be published in the June issue of the applicable club publication.

Section 3: Rules of Order. Rules of order for all meetings of the club shall be in accordance with a current copy of "Robert's Rules of Order".

Section 4: Club Business. The Officers, Chairman of the Board, and Committee Chairs as appropriate shall give brief reports on the status of the organization, highlights of Board actions or decisions, projections for the forthcoming year, a financial summary, introduce newly elected officials, and present such other information as might be of interest to members. Members shall be encouraged to ask questions and provide input on club business.

Section 5: Other Business. Members may bring other business up for discussion. All ideas and suggestions shall be referred to the Board for discussion, investigation and decision.

Section 6: Complaints. No complaints against individuals or discussion of complaint issues will be permitted at the membership meeting. Such complaints shall be submitted in accordance with Article III, Section 5.

Section 7: Report of the Annual Business Meeting. The LOTS Secretary/Treasurer shall prepare a summary report of the Annual Business Meeting which shall be published in the *Switcher* as soon as is practical after the convention. The report shall summarize the status of the organization, highlights of Board actions or decisions, projections for the coming year, club finances, identify newly elected or appointed officials and include any other business that was

brought up for discussion.

ARTICLE VIII – FUNDS AND FINANCES

- Section 1: Budget.** All club operations shall be budgeted. The LOTS Finance Committee shall prepare a projected budget for the forthcoming year which shall be submitted to the Board by November 1 each year. The budget shall show all anticipated income and expenses including Business Office expenses and the expenses of publishing the club's publications. A proposed schedule of dues, initiation fees, reinstatement fees, postal surcharges and other assessments for the membership year shall accompany the budget. The Board shall approve or modify the proposed budget before January 1 of the new year. In considering the proposed budget, the Board shall take into consideration the actual income and expenses of the club for the prior calendar year, the club's objectives for the next calendar year, and the recommendations of the officers.
- Section 2: Investments.** The LOTS Finance Committee shall prepare annual recommendations for investing the club's funds which shall be submitted to the Board by November 1 each year. The Board shall consider the recommendations before the end of the year and adopt such investment strategies as are warranted for prudent financial management.
- Section 3: Remuneration.** As the Board deems appropriate, the Business Manager and Switcher Editor may receive a salary or stipend consistent with the services they render and projected income and expenses of the club.
- Section 4: Unbudgeted Expenses.** Any officer, director or appointed official who believes that an unbudgeted expenditure is required shall submit such expenditure for approval by both the President and Chairman of the Board who shall determine whether there are sufficient operating funds to cover the requested expenditure.
- Section 5: Annual Dues.** Dues shall be payable annually in advance of each member's anniversary date in such amount as is determined by the Board.
- Section 6: Application Fee.** The Board of Directors shall determine an application fee that it deems appropriate.
- Section 7: Deposit of Funds.** The Secretary/Treasurer is responsible for the oversight of all funds deposited by the club. All LOTS income shall be received by the Business Office which shall deposit the funds in accounts designated by the Board and send copies of all deposit records and monthly bank statements to the Secretary/ Treasurer.
- Section 8: Audits.** LOTS financial accounts, investments and books shall be audited annually as directed by the Board of Directors and at any other time that the Board deems necessary.
- Section 9: Audit Report.** The Board of Directors shall cause a summary of the audit report to be published annually in the Switcher and shall include the report in the Minutes of the Annual Business Meeting.

ARTICLE IX - INITIATIVE AND REFERENDUM

- Section 1: Member Propositions.** The membership shall have the right to petition to have any proposition submitted to the voting membership for vote on the next ~~annual~~ ballot referred to in Article VI, Section 5, hereof. Such petition shall contain the explicit wording of the proposition and a statement not exceeding 500 words of why such proposition should be adopted. The petition shall contain the signatures of such number of members in good standing entitled to vote as is equal to at least ten percent (10%) of the members who voted in the last annual balloting. Such petition must be received by the Secretary-Treasurer on or before January 1.
- Section 2: Board of Directors Response.** All petitions shall be submitted to the Secretary-Treasurer who shall verify the validity of the signatures of the members signing the petition and then forward the petition to the Chairman of the Board of Directors. The Chairman of the Board shall thereupon convene a special Board meeting, within fifteen (15) days of his receipt of such petition, to enable the Board of Directors to consider such proposition. The Board of Directors shall make its position known on each proposition, and the Board's position shall accompany the ballots when they are mailed to the members entitled to vote. If the Board is split on its position on any proposition, then both sides of the issue shall be presented.
- Section 3: Approval of Propositions.** A proposition shall be considered approved if at least two-thirds of the ballots returned

are affirmative.

ARTICLE X – CLUB OFFERINGS

- Section 1: Commemorative Issues.** The club shall issue items commemorating the annual convention and any other events or occurrences worthy of recognition.
- Section 2: Other Club Offerings.** The club may issue such other cars and items as the Board deems appropriate to promote the purposes of the club and assist in raising revenue for the club.
- Section 3: Lionel Products.** LOTS convention cars shall be Lionel products, if possible, and shall be as prototypical as possible in honoring the area of the convention. Other LOTS offerings shall promote the enjoyment of operating toy trains and accessories and need not be Lionel products or prototypical models.
- Section 4: Board Approval.** All commemorative issues and other club offerings proposed by the officers shall be submitted to the Board of Directors for final approval.

ARTICLE XI – AMENDMENTS

- Section 1: General.** Amendments to this Constitution may be proposed at any time, either by the Board of Directors or by a petition by the membership pursuant to Article IX hereof.
- Section 2: Regular Ballot.** Unless the Board of Directors determines that a special ballot is required, all proposed amendments shall be submitted to the voting membership on the regular ballot referred to in Article VI, Section 5, hereof. Proposed amendments that will appear on the regular ballot shall be announced to the membership in the February issue of the applicable club publication. Such announcement shall include an invitation to members who may oppose a proposed amendment to communicate such opposition to the Chairman of the Board of Directors in a written statement not to exceed 500 words. All such written communications must be received by the Chairman of the Board of Directors before March 1. The Chairman of the Board of Directors shall consolidate all such opposition statements into representative positions which shall be forwarded to the Secretary-Treasurer for inclusion with the materials that accompany the regular ballot.
- Section 2: Regular Amendments.** All proposed amendments shall be submitted to the voting membership for approval by ballot with the mailing date to be set by the Board. Written notice of regular proposed amendments shall be sent by mail or included in whatever club publication the Board deems appropriate to all members eligible to vote. Such notice shall be sent not less than 60 days nor more than 120 days before the mailing date of the ballot. The notice shall include an invitation to members who may oppose a proposed amendment to communicate such opposition to the Chairman of the Board of Directors in a written statement not to exceed 500 words. All statements must be received by the Chairman of the Board of Directors not less than 30 days before the mailing date of the ballot. The Chairman of the Board of Directors shall consolidate all such opposition statements into representative positions that shall be forwarded to the Secretary-Treasurer for inclusion with the materials that accompany the regular ballot. To be counted, all ballots must be received within 60 days of the mailing date of the ballots.
- Section 3: Expedited Ballot.** If the Board of Directors determines that a proposed amendment requires an immediate vote by the voting membership, the Chairman of the Board of Directors shall direct the Secretary-Treasurer to cause a special ballot to be prepared which shall be mailed to all members entitled to vote within thirty (30) days of the date such directive is received by the Secretary-Treasurer from the Chairman of the Board of Directors. The special ballot materials shall include the proposed amendment and the Board's statement as to why an immediate vote on such amendment is required. To be counted, all ballots must be received within 30 days of the mailing date of the ballots.
- Section 4: Position of the Board of Directors.** The Board of Directors shall make its position known on each proposed amendment, and the Board's position shall accompany the ballots when they are mailed to the members entitled to vote. If the Board is split on its position on any proposed amendment, then both sides of the issue shall be presented.
- Section 5: Ratification.** A proposed amendment shall be considered approved if at least two-thirds of the ballots returned are affirmative.

ARTICLE XII – DISSOLUTION.

In the event of the dissolution of LOTS, subject to the Ohio not-for-profit corporation laws and after paying or making provision for the payment of all outstanding liabilities of the club, the remaining assets of LOTS shall be contributed to the Smithsonian Institution.

ARTICLE XIII - ADOPTION OF CONSTITUTION.

This Constitution shall become effective June 1, 1980 provided that a majority of the members attending the national convention on July 18, 1980 in Little Rock, Arkansas vote in favor of its adoption.