

# Constitution of The Lionel Operating Train Society

Revised May 10, 2022

## 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 to honor the area of the convention 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 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 between June 1 and August 31 of each year.
  - 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. Remaining a national club, and not dividing 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 have an interest in 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, as prescribed in the Administrative By-Laws.
- 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, 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, 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. 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.

### **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 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. 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, 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 and family 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 Secretary 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 Secretary. All such complaints shall be made in writing using LOTS Form C-1. The Secretary 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 Secretary 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 Secretary 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 Secretary 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 Secretary's responsibilities hereunder.
- B. Immediate Irreparable Harm to Club or Member. Any member in good standing may file a complaint with the Secretary 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 Secretary reasonably believes that the harm to the member or club is immediate and irreparable. In such cases, the Secretary 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 Secretary 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 six of the seven directors after the Board has reviewed the Secretary 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 six of the seven directors after the Board has reviewed the recommendation of the Secretary or his designee 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. 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 six of seven directors.

## **ARTICLE IV – OFFICERS**

**Section 1: Officers.** The officers of LOTS shall consist of a President, Vice President, Secretary and 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 with the other directors during the annual convention and at such other Board meetings as are called. 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 or his designee 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. The Secretary shall be responsible for preparing and distributing all club information and literature, except for those club publications which have appointed editors. The Secretary shall publish all notices of membership meetings. The Secretary shall supervise all electronic publications and notifications of LOTS. He may use electronic mechanisms to arrange club meetings, Board meetings, and other gatherings of LOTS members. The Secretary shall keep the minutes of the Board and club meetings, and submit them to the Board within 30 calendar days of any meeting. The Secretary shall supervise all LOTS records and their retention. He shall have the power to appoint an Assistant Secretary to assist in the performance of these duties, subject to the approval of the President.

D. The Treasurer shall chair the Finance Committee and be responsible for and oversee the financial records of LOTS, including preparing an annual budget by December 1 of each calendar year, overseeing the investments of LOTS funds to obtain the best possible rate of return. He shall issue the LOTS 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. He shall be responsible for filing all tax forms required by applicable taxing authorities and should be familiar with said forms, including IRS Form 990 or any successor form.

**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. No person shall be eligible to serve more than 15 years in any elective position. This provision applies to members who already served at least 15 years as an officer or director in any combination.

#### **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 offices of Vice President, or Secretary, or 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 seven members consisting of the President, Vice President, Secretary, and Treasurer 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 seven directors at their first 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 and at such other Board meetings as are called. At each meeting, the officers, if so requested, will render written or oral reports on their activities. Any Board member may attend by electronic methods. 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 five Board members present in person or through proxy. 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 President or such other person by a majority is designated by of the Board, shall preside at such meeting.
- B. 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 2A 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 a majority of the quorum 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 the action of the Board of Directors shall be the majority vote of the quorum.
- 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.

**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. No member shall be eligible to serve more than 15 years as an officer or director combined. This provision applies to members who have already served at least 15 years as a director.

#### **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 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 six of seven 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. No officer 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 1<sup>st</sup> 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, 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. Candidates must have registered and attended at least one LOTS convention or materially participated in a LOTS function within the last 3 years prior to publication of the ballot.
- E. President Qualifications. Candidates for President shall have served at least one term as LOTS Director, Vice President, Secretary, or 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.
- F. Treasurer. As a minimum qualification for office, all candidates for 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.
- G. One director position elected each time shall be reserved for candidates who have never been elected to a LOTS position. At the next election following the one in which that person is elected, he may run for any elected position and for that one director position new candidates must be allowed to run.

### **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, 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 Chairman shall present the committee's slate of candidates to the President, and shall notify each nominee whether or not he was slated. The President shall verify the candidates' qualifications.

**Section 4: Petition.** Any charter, regular, 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 number of members who voted in the last annual balloting. Such petition must be received by the Secretary 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 May 10 to be counted, and all ballots so cast shall be counted on May 10.

- A. The officer candidate receiving the largest plurality of votes cast shall be the winner of each of the following offices: President, Vice President, Secretary, and Treasurer.
- B. The three director candidates receiving the greatest number of votes shall be the winners of the three directorships.
- C. The LOTS Auditor 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, or as close to July 15 as possible via video teleconference.
- Section 2: Notice.** Notice of the time and place of the Annual Business Meeting will be published in the April 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 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 requirements of the annual budget shall be set forth in the club's Administrative By-Laws.
- Section 2: Investments.** The Board shall consider recommendations of the Treasurer and/or Finance Committee 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 may determine an application fee that it deems appropriate.
- Section 7: Deposit of Funds.** The 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 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. 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 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 number of members who voted in the last annual balloting. Such petition must be received by the Secretary on or before January 1.

**Section 2: Board of Directors Response.** All petitions shall be submitted to the Secretary 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 designed to honor 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 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 or 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 for inclusion with the materials that accompany the regular ballot. To be counted, all ballots must be received within 40 days of the mailing of the ballot unless sent with the regular election ballot specified in Article VI, Section 5. If sent with the regular election ballot, the ballots to amend the Constitution must be received by the same date the election ballots must be received to be counted.

**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 Business Manager 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 Business Manager 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 any train museum, operating train club, and any other model train club or organization, as the Board determines.

## **ARTICLE XIII - ADOPTION OF CONSTITUTION.**

This Constitution became effective June 1, 1980. This Constitution has been amended several times since its adoption, including June 2002, June 2007 and May 2015. This version includes the 2022 amendments, as approved, and became effective May10, 2022.

# **Administrative By-Laws of the Lionel Operating Train Society**

Approved July 15, 2022

## **ABL #1. Organization**

- A. Legal Status of Club. The club shall be organized as an Ohio "not-for-profit" corporation.
- B. Club Identity. The name, motto, emblems and logos of LOTS are the exclusive property of the club and may not be used or reproduced without the written consent of the Board of Directors.
- C. Permanent Mailing Address. LOTS shall maintain a permanent mailing address for the receipt of mail from applicants. The current permanent mailing address is 6376 West Fork Rd., Cincinnati, OH 45247-5704.
- D. Club Archives. The club shall maintain an archive that shall contain two of each commemorative item issued. The Archivist shall inspect the archives annually and file an inventory with the Treasurer that shall include the cost basis of all items in inventory.
- E. Club Records. The Secretary shall be the custodian of the club records.
- F. Use of Club Information. No club publication, printed correspondence or computer records may be used for personal solicitation by any individual or company unless specifically authorized by the Board of Directors.

## **ABL #2. Membership**

- A. Membership Requirements. Members of LOTS are encouraged to be "operators" of Lionel and Lionel compatible trains and accessories.
- B. Membership Numbers. Membership numbers are specific to individual members and will not be reissued after membership is terminated.
- C. Membership of Spouses & Children. The spouse, child or stepchild of a charter, regular, or distinguished member (a "Relative") is not restricted to a family membership. Any such Relative who meets the requirements of the LOTS Constitution, Article III, Section 1B may apply for a regular membership or junior membership, respectively, if the Relative so desires.
- D. Voluntary Membership Conversion. A Relative who is also a charter, regular or junior member of LOTS and who wishes to convert his/her membership to a family membership may do so at the next annual dues renewal provided he/she meets the requirements of the LOTS Constitution Article III, Section 3D. Any such conversion of membership category will require the issuance of a new membership card. The conversion shall be requested in writing, and the request shall be accompanied by payment of the annual dues for a family membership. If any such membership has been converted to a family membership and the member wishes to revert back to his original membership category, the member may do so at the next annual dues renewal, provided he/she meets the requirements of the LOTS Constitution, Article III, Sections 1B and 3 by following the same conversion process and by tendering the correct annual dues for his original membership category.
- E. Involuntary Membership Conversion. Should any charter, regular, or distinguished member cease to be a member of LOTS for any reason other than a termination of his membership pursuant to the

LOTS Constitution, Article III, Section 6, and should he have a Relative who is a family member at such time, the Relative may remain a member of LOTS, provided he/she meets the requirements of the LOTS Constitution, Article III, Sections 1B and 3, by elevating his family membership to a regular or junior membership at the next annual dues renewal. Any such elevation of membership category will require the issuance of a new membership card. The elevation shall be requested in writing and the request shall be accompanied by payment of the annual dues for the membership category sought.

- F. Membership Card. All LOTS members are required to have in their possession a current LOTS membership card, or proof of application for membership, to gain admission to club sponsored events. Any member whose membership card becomes lost or destroyed will be issued a replacement membership card upon request.
- G. No current member of the LOTS Board of Directors shall be designated a Distinguished Member (DM) until he or she is no longer a member of the Board of Directors.

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- A. Membership Year. Any person applying for a regular, junior or family membership shall pay the full amount of the annual dues required for his membership class, whereupon his membership will be paid for one full year (twelve months) or two years (twenty-four months).
- B. Renewal Date. Renewal dates shall be determined as follows:
  - 1. Members accepted into the club prior to July 1, 2000. The membership year for all such members shall be July 1 - June 30 with June 30 being deemed the "Anniversary Date" for such members.
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- E. Should any charter, regular, junior, or family member die after placing a merchandise order, but prior to shipping of such merchandise, the order shall be refunded at the request of the personal representative. No other request for refunds shall be honored.
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  - 1. Mailings and Shipments to Members Residing Outside of Continental US. Since the club must incur substantial additional costs to mail or ship club publications and merchandise to members who reside outside the continental United States, all such members shall be required to pay additional surcharges as shall be set by the Board of Directors.

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"Alphabetical Listing of Members", giving each member's name, membership number, address and telephone number; a "Geographical Listing of Members", listing members alphabetically first by state and then by cities; and a designation of those members having an operating train layout and who welcome visitors provided satisfactory prior arrangements are made.

3. Track Changes. Track Changes is a buy-sell-trade service that affords members the ability to place ads for train-related items for sale to or purchase by other club members. Track Changes is available online to members and included in the *Switcher* periodically.
- B. Entitlement to Publications. All members except family members shall receive club publications, subject to applicable surcharges.
- C. Content of Publications. Club publications shall contain only club and train related information and shall be free of all commercial advertising. Members are encouraged to use the *Switcher* to share train related information with other members.

## **ABL #6. Other Membership Services**

### A. Commemorative Issues.

1. Maximum Number. The Board of Directors shall establish the maximum number of each commemorative that members may purchase.
2. Priority of Sales. Commemorative issues shall be offered to LOTS members first, and may be sold to non-members thereafter under such terms and conditions as the Board of Directors deems appropriate. All LOTS members shall be entitled to purchase LOTS commemorative issues.
3. Convention Cars. The annual convention car shall be produced and decorated to LOTS' specifications by Lionel L.L.C., or its successor in interest, if possible. Convention cars shall be decorated for a past or present railroad or company seen in or around the convention city. All elected officers, directors, and individuals holding the appointed offices specified in ABL #7D shall be entitled to a free convention car under the following conditions:
  - a) The individual shall hold the office on the date the convention car orders are due;
  - b) The individual shall hold the office on the date the next convention commences or the cars are shipped, whichever shall first occur; and
  - c) No person shall receive more than one car regardless of the number of positions held.

The Board of Directors may award other individuals who provide significant service to the club with a convention car as it deems appropriate.

4. Convention Souvenirs. All convention souvenirs and commemoratives selected by the Convention Committee shall be submitted to the Board of Directors for final approval.
5. The Board of Directors may also authorize the creation and sale annually for each convention a "Meet Car" and an "Extra Car". The design shall be determined by the Convention Car Committee and submitted for pricing to Lionel. The final sale price and design of each car including the 'Convention Car' shall be determined by the Board of Directors by October 15<sup>th</sup> of the year prior to the convention year for which they are proposed. After receiving Lionel's pricing, then ads and notices for the sale of each car can be prepared on a schedule to notify our members of their availability.

- B. LOTS Library. The Librarian shall be the custodian of all LOTS reference books, and back issues of *Switcher*, and may make such items available to the members of LOTS in accordance with policies established by the Board of Directors as recommended by the Librarian.

#### **ABL #7. Officers, Directors & Appointed Officials**

- A. The Board may hire a Business Manager and/or Meeting Planner on contract to handle the daily fees, processing car orders, traveling to arrange the annual conventions, and other duties as assigned in the contract or by the President or the Board as a whole. The Business Manager shall operate out of the Business Office established by the Board of Directors, currently as stated in ABL #1 (C).
- B. Reports. The Business Manager shall prepare written reports of the activities of the Business Office on a monthly basis. Other club officers shall prepare written reports as requested by the President or as necessary to efficiently conduct the business of the club.
- C. Attendance at Annual Meetings & Convention. The club's officers and directors shall attend the Board of Directors meeting at the annual convention and such other meetings that are called to handle the business of the club. The officers, directors, and any appointed officials ordered to attend the convention, shall participate in as many scheduled convention activities as possible to maximize opportunities for contact with club members and to assist with registration, tours, the annual train show, etc.
- D. Directors' Policy Book. A Policy Book shall be maintained by the Chairman of the Board of Directors. In it shall be entered all policy decisions made by the Board which are not required to be adopted as Administrative By-Laws.
- E. Appointed Officials. The appointed officials of the club shall be as follows: Archivist; Assistant Secretary; Convention Committee; Librarian; Nominating Committee Chairman; Statutory Agent; Club Counsel; *Switcher* Editor-in-Chief and Co-editors; Car Shipping Agent; and Web Site manager(s). Any appointed official may resign at any time by giving at least thirty (30) days written notice to the President. The President, in his initial appointment letter, may, at his discretion, establish a longer notice provision for any appointed official whose position warrants same. The President shall be empowered to create other appointed positions as needed to conduct the business of the Club.
- F. Committees. As of 2020, the Nominating, Convention, Convention Car, and Raffle Prize Committees, are the established committees under these Administrative By-Laws (ABL), LOTS shall have such other committees as the Board of Directors deems necessary and appropriate to carry out the purposes and objectives of the organization. The purpose, rules and budget for LOTS committees shall be approved by the Board of Directors.
- G. All officers, directors, and appointed officials of LOTS shall have an email account through which he may be contacted at any time.

#### **ABL #8. Budget & Expenses**

- A. Payments to LOTS. All printed material requesting the payment of money to LOTS shall state that the payment is to be made by a negotiable instrument (i.e. a check or money order in the case of U.S. members) payable to "LOTS". Credit cards and electronic methods of payment shall also be acceptable. All payments remitted to LOTS by non-US members must be made by a bank draft



drawn on a US bank or an international postal money order payable in US dollars to "LOTS". Should any LOTS official receive a negotiable instrument made payable to the individual, he shall immediately endorse such negotiable instrument "Pay to the order of LOTS", sign his name below the restrictive endorsement and promptly forward the instrument to the business office. Any cash payment received by any officer, director or appointed official shall be promptly remitted to the business office by a check or money order payable to "LOTS".

- B. Annual Budget. The Treasurer and the LOTS Finance Committee [as provided in the LOTS Constitution, Article IV, Section 2 (C)] 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. All club operations shall be budgeted. The budget should also contain the current LOTS car inventory with purchase costs and projected sales for the next fiscal year, and financial projections for the next year's convention. The Board of Directors shall approve or modify the proposed budget and the proposed schedule of dues, fees, surcharges and assessments as it deems appropriate. In considering the proposed budget and the proposed schedule of dues, fees, surcharges and assessments, the Board of Directors shall take into consideration the actual income and expenditures of the club for the prior calendar year, the club's objectives for the next calendar year and the recommendations of all relevant officials.
- C. Unbudgeted Expenses. If any officer, director or appointed official believes that an unbudgeted expenditure is required or desirable, such expenditure (amount not to exceed \$1,000) must first be approved by the President and the Chairman of the Board of Directors who shall also determine that there are sufficient operating funds to cover the expenditure requested. If the expenditure will be more than \$1,000, the expense must be approved by the Board of Directors.
- D. Responsibility for Receipts & Expenditures. The Business Manager and Treasurer shall be responsible for all receipts and expenditures of the club while they hold their positions.
- E. Financial Reports. The Business Manager (or other appointed official) shall cause the monthly and annual financial reports to be prepared.
1. Monthly Reports. The Business Manager (or other appointed official) shall prepare monthly financial reports showing the income and expenses for the current month and the year-to-date, and the income and expenses budgeted for the year, and shall submit copies thereof to the Treasurer for his review and approval. On a quarterly basis and upon approval by the Treasurer, the Business Manager shall submit copies of the quarterly accounting to all Directors and elected Officers.
  2. Annual Report. The Treasurer or other appointed official shall cause an annual financial report to be created for each calendar year, and shall submit copies thereof to all officers and directors on or before the following March 1. The Board of Directors shall then appoint a qualified individual who will audit or cause to be audited the books and records of the club, and render a written report to the Board of Directors. Once the Board of Directors has approved the audit, the annual financial report shall be published in the *Switcher*.

- F. Authorized Signatories. Two signatures shall be required on all manual club checks. The authorized signatories shall be the Treasurer, President, Vice President, and Business Manager. In no case shall two signatories shall be members of the same household or family. For electronic checks an email acknowledgement by one additional authorized signatory shall be required.
- G. Meeting Expenses. The expenses of the officers and directors to attend the annual convention and any other authorized club meetings, and the expenses of any other persons ordered to attend such meetings pursuant to Article IV, Section 2, and Article V, Sections 2B and 2C, of the Constitution, shall be limited to the most economical round-trip transportation, single room lodging, and any per diem allowance established by the Board of Directors. Round-trip transportation shall be the lowest of actual cost of coach airfare if traveling by air, or reimbursement at the prevailing IRS mileage rate via the most direct route if traveling by a privately-owned motor vehicle. Persons driving to the convention with raffle prizes shall not be reimbursed for shipping costs. Such expense reimbursements shall be authorized only to the extent that the club has sufficient operating funds.
- H. Out-of-Pocket Expenses. All officers, directors and appointed officials shall promptly file claims for reimbursement for expenses incurred by them on behalf of the club. If an official receives a standard advance, the claim shall be filed not later than 30 days of the date the advance has been completely expended. If an official does not receive a standard advance, a claim shall be filed as soon as the expenses incurred equal or exceed \$100. However, in no event shall claims be filed less frequently than quarterly. All claims for reimbursement must be submitted on a LOTS Form T-1 with proper receipts for all expenditures attached. Claims for reimbursement should be submitted within 90 days of the date the expense was incurred. Subject to the above, any claim for reimbursement that is not received by the Treasurer by December 15 of the year the expense is incurred will not be reimbursed.

## **ABL #9. Elections**

- A. Nominating Committee. In slating candidates, the Nominating Committee must determine that each candidate for any position meets the eligibility and qualification requirements of the LOTS Constitution Article IV, Sections 1 and 2, and that each candidate is capable of performing the duties required of the position that he is seeking. The Nominating Committee shall also consider whether a candidate has been active in the club, including but not limited to whether the candidate has registered and attended one of the last three club conventions, served as an officer, director, or committee member, or materially participated in club functions. Each candidate must have an email account through which he may be contacted at any time, and must maintain such an account during his term of service if elected. As minimum qualifications for Treasurer, all candidates must be familiar with generally accepted accounting principles (“GAAP”), must be able to maintain the club's financial records in compliance with the club's existing financial policies and reporting formats, and must be familiar with the tax reporting requirements and forms required by the IRS or other applicable taxing authority.
- B. Ballot Processing and Counting.
1. Ballots must be received by the Business Office by May 10 to be counted. The ballots shall be counted by the Nominating Committee members as they are received.
  2. If less than 10 votes separate an elected candidate from a non-elected candidate, the ballots shall be recounted. The recount shall be performed by the Nominating Committee Chairman in the presence of at least two other disinterested club members if Nominating Committee members are not available. After they have arrived at unanimous agreement as to the vote totals, they shall

jointly confirm the results in writing as specified below. The ballot recount shall be completed no later than May 19 with notice of the election results given by May 20.

C. Notification of Election Results.

1. Recount Unnecessary. If a recount is not necessary, the Nominating Committee Chairman shall notify the following persons of the election results by May 10: each candidate; the President; the Secretary; the Chairman of the Board of Directors; and the *Switcher* Editor. Notice shall be by telephone or email.
2. Recount Necessary. If a recount is necessary, the Nominating Committee Chairman shall notify the above-named persons of the necessity for a recount by May 10 and give notice of the recount results by May 20. Both notices shall be by telephone or email.
3. Announcement & Publication of Election Results. The Nominating Committee Chairman shall announce the election results at the annual Business Meeting at the next annual convention. The *Switcher* Editor shall publish the election results in the August *Switcher*.
4. Retention of Ballots. All ballots cast in each election shall be delivered to the Business Manager who shall retain them until the following September 1.

**ABL #10. Gender.** The use of a masculine pronoun in either the Constitution or these Administrative By-Laws to refer to a member shall be deemed a proper reference even though such member may be female.

**ABL #11. Grading Standards.**

A. When selling merchandise, LOTS members will use the Train Collectors Association (TCA) Grading Standards as shown below.

B. The following Condition and Grading Standards apply to all toy train and related accessory items. The items that are being evaluated may or may not include the original box. Boxes and other paper are subject to a separate set of grading and condition standards. Standards for all toy train related accessory items apply to the visual appearance of the item and do not consider the operating functionality of the equipment.

C. Condition and Grading Standards are subjective, at best, and are intended to act as a guide. It is important and logical that wishful thinking not be allowed to influence the choice of grade.

C-10 Mint - Brand New: all original; unused and unblemished.

C-9 Factory New - Brand New: all original; unused; may evidence factory rubs and the slightest evidence of handling, shipping and having been test run at the factory.

C-8 Like New - Complete all original: no rust, no missing parts; may show effects of being on display and/or age; may have been run.

C-7 Excellent - all original: minute scratches and paint nicks; no rust and no missing parts; no distortion of component parts.

C-6 Very Good: Minor scratches and paint nicks, minor spots of surface rust, free of dents. May have minor parts replaced.

C-5 Good - Sign of play wear: scratches and minor paint loss. Small dents, minor surface rust. Evidence of heavy use.

C-4 Fair: Scratched, moderate paint loss, dented missing parts, surface rust. Evidence of heavy use.

C-3 Poor - Requires major body repair: Heavily scratched, major rust and missing parts.  
Restoration candidate.  
C-2 Restoration required.  
C-1 Junk - parts value only.

(As revised in July 15, 2022)

# **Administrative By-Laws of the Lionel Operating Train Society**

Approved July 15, 2022

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3. Track Changes. Track Changes is a buy-sell-trade service that affords members the ability to place ads for train-related items for sale to or purchase by other club members. Track Changes is available online to members and included in the *Switcher* periodically.
- B. Entitlement to Publications. All members except family members shall receive club publications, subject to applicable surcharges.
- C. Content of Publications. Club publications shall contain only club and train related information and shall be free of all commercial advertising. Members are encouraged to use the *Switcher* to share train related information with other members.

## **ABL #6. Other Membership Services**

### A. Commemorative Issues.

1. Maximum Number. The Board of Directors shall establish the maximum number of each commemorative that members may purchase.
2. Priority of Sales. Commemorative issues shall be offered to LOTS members first, and may be sold to non-members thereafter under such terms and conditions as the Board of Directors deems appropriate. All LOTS members shall be entitled to purchase LOTS commemorative issues.
3. Convention Cars. The annual convention car shall be produced and decorated to LOTS' specifications by Lionel L.L.C., or its successor in interest, if possible. Convention cars shall be decorated for a past or present railroad or company seen in or around the convention city. All elected officers, directors, and individuals holding the appointed offices specified in ABL #7D shall be entitled to a free convention car under the following conditions:
  - a) The individual shall hold the office on the date the convention car orders are due;
  - b) The individual shall hold the office on the date the next convention commences or the cars are shipped, whichever shall first occur; and
  - c) No person shall receive more than one car regardless of the number of positions held.

The Board of Directors may award other individuals who provide significant service to the club with a convention car as it deems appropriate.

4. Convention Souvenirs. All convention souvenirs and commemoratives selected by the Convention Committee shall be submitted to the Board of Directors for final approval.
5. The Board of Directors may also authorize the creation and sale annually for each convention a "Meet Car" and an "Extra Car". The design shall be determined by the Convention Car Committee and submitted for pricing to Lionel. The final sale price and design of each car including the 'Convention Car' shall be determined by the Board of Directors by October 15<sup>th</sup> of the year prior to the convention year for which they are proposed. After receiving Lionel's pricing, then ads and notices for the sale of each car can be prepared on a schedule to notify our members of their availability.



- B. LOTS Library. The Librarian shall be the custodian of all LOTS reference books, and back issues of *Switcher*, and may make such items available to the members of LOTS in accordance with policies established by the Board of Directors as recommended by the Librarian.

#### **ABL #7. Officers, Directors & Appointed Officials**

- A. The Board may hire a Business Manager and/or Meeting Planner on contract to handle the daily fees, processing car orders, traveling to arrange the annual conventions, and other duties as assigned in the contract or by the President or the Board as a whole. The Business Manager shall operate out of the Business Office established by the Board of Directors, currently as stated in ABL #1 (C).
- B. Reports. The Business Manager shall prepare written reports of the activities of the Business Office on a monthly basis. Other club officers shall prepare written reports as requested by the President or as necessary to efficiently conduct the business of the club.
- C. Attendance at Annual Meetings & Convention. The club's officers and directors shall attend the Board of Directors meeting at the annual convention and such other meetings that are called to handle the business of the club. The officers, directors, and any appointed officials ordered to attend the convention, shall participate in as many scheduled convention activities as possible to maximize opportunities for contact with club members and to assist with registration, tours, the annual train show, etc.
- D. Directors' Policy Book. A Policy Book shall be maintained by the Chairman of the Board of Directors. In it shall be entered all policy decisions made by the Board which are not required to be adopted as Administrative By-Laws.
- E. Appointed Officials. The appointed officials of the club shall be as follows: Archivist; Assistant Secretary; Convention Committee; Librarian; Nominating Committee Chairman; Statutory Agent; Club Counsel; *Switcher* Editor-in-Chief and Co-editors; Car Shipping Agent; and Web Site manager(s). Any appointed official may resign at any time by giving at least thirty (30) days written notice to the President. The President, in his initial appointment letter, may, at his discretion, establish a longer notice provision for any appointed official whose position warrants same. The President shall be empowered to create other appointed positions as needed to conduct the business of the Club.
- F. Committees. As of 2020, the Nominating, Convention, Convention Car, and Raffle Prize Committees, are the established committees under these Administrative By-Laws (ABL), LOTS shall have such other committees as the Board of Directors deems necessary and appropriate to carry out the purposes and objectives of the organization. The purpose, rules and budget for LOTS committees shall be approved by the Board of Directors.
- G. All officers, directors, and appointed officials of LOTS shall have an email account through which he may be contacted at any time.

#### **ABL #8. Budget & Expenses**

- A. Payments to LOTS. All printed material requesting the payment of money to LOTS shall state that the payment is to be made by a negotiable instrument (i.e. a check or money order in the case of U.S. members) payable to "LOTS". Credit cards and electronic methods of payment shall also be acceptable. All payments remitted to LOTS by non-US members must be made by a bank draft

drawn on a US bank or an international postal money order payable in US dollars to "LOTS". Should any LOTS official receive a negotiable instrument made payable to the individual, he shall immediately endorse such negotiable instrument "Pay to the order of LOTS", sign his name below the restrictive endorsement and promptly forward the instrument to the business office. Any cash payment received by any officer, director or appointed official shall be promptly remitted to the business office by a check or money order payable to "LOTS".

- B. Annual Budget. The Treasurer and the LOTS Finance Committee [as provided in the LOTS Constitution, Article IV, Section 2 (C)] 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. All club operations shall be budgeted. The budget should also contain the current LOTS car inventory with purchase costs and projected sales for the next fiscal year, and financial projections for the next year's convention. The Board of Directors shall approve or modify the proposed budget and the proposed schedule of dues, fees, surcharges and assessments as it deems appropriate. In considering the proposed budget and the proposed schedule of dues, fees, surcharges and assessments, the Board of Directors shall take into consideration the actual income and expenditures of the club for the prior calendar year, the club's objectives for the next calendar year and the recommendations of all relevant officials.
- C. Unbudgeted Expenses. If any officer, director or appointed official believes that an unbudgeted expenditure is required or desirable, such expenditure (amount not to exceed \$1,000) must first be approved by the President and the Chairman of the Board of Directors who shall also determine that there are sufficient operating funds to cover the expenditure requested. If the expenditure will be more than \$1,000, the expense must be approved by the Board of Directors.
- D. Responsibility for Receipts & Expenditures. The Business Manager and Treasurer shall be responsible for all receipts and expenditures of the club while they hold their positions.
- E. Financial Reports. The Business Manager (or other appointed official) shall cause the monthly and annual financial reports to be prepared.
  - 1. Monthly Reports. The Business Manager (or other appointed official) shall prepare monthly financial reports showing the income and expenses for the current month and the year-to-date, and the income and expenses budgeted for the year, and shall submit copies thereof to the Treasurer for his review and approval. On a quarterly basis and upon approval by the Treasurer, the Business Manager shall submit copies of the quarterly accounting to all Directors and elected Officers.
  - 2. Annual Report. The Treasurer or other appointed official shall cause an annual financial report to be created for each calendar year, and shall submit copies thereof to all officers and directors on or before the following March 1. The Board of Directors shall then appoint a qualified individual who will audit or cause to be audited the books and records of the club, and render a written report to the Board of Directors. Once the Board of Directors has approved the audit, the annual financial report shall be published in the *Switcher*.

- F. Authorized Signatories. Two signatures shall be required on all manual club checks. The authorized signatories shall be the Treasurer, President, Vice President, and Business Manager. In no case shall two signatories shall be members of the same household or family. For electronic checks an email acknowledgement by one additional authorized signatory shall be required.
- G. Meeting Expenses. The expenses of the officers and directors to attend the annual convention and any other authorized club meetings, and the expenses of any other persons ordered to attend such meetings pursuant to Article IV, Section 2, and Article V, Sections 2B and 2C, of the Constitution, shall be limited to the most economical round-trip transportation, single room lodging, and any per diem allowance established by the Board of Directors. Round-trip transportation shall be the lowest of actual cost of coach airfare if traveling by air, or reimbursement at the prevailing IRS mileage rate via the most direct route if traveling by a privately-owned motor vehicle. Persons driving to the convention with raffle prizes shall not be reimbursed for shipping costs. Such expense reimbursements shall be authorized only to the extent that the club has sufficient operating funds.
- H. Out-of-Pocket Expenses. All officers, directors and appointed officials shall promptly file claims for reimbursement for expenses incurred by them on behalf of the club. If an official receives a standard advance, the claim shall be filed not later than 30 days of the date the advance has been completely expended. If an official does not receive a standard advance, a claim shall be filed as soon as the expenses incurred equal or exceed \$100. However, in no event shall claims be filed less frequently than quarterly. All claims for reimbursement must be submitted on a LOTS Form T-1 with proper receipts for all expenditures attached. Claims for reimbursement should be submitted within 90 days of the date the expense was incurred. Subject to the above, any claim for reimbursement that is not received by the Treasurer by December 15 of the year the expense is incurred will not be reimbursed.

## **ABL #9. Elections**

- A. Nominating Committee. In slating candidates, the Nominating Committee must determine that each candidate for any position meets the eligibility and qualification requirements of the LOTS Constitution Article IV, Sections 1 and 2, and that each candidate is capable of performing the duties required of the position that he is seeking. The Nominating Committee shall also consider whether a candidate has been active in the club, including but not limited to whether the candidate has registered and attended one of the last three club conventions, served as an officer, director, or committee member, or materially participated in club functions. Each candidate must have an email account through which he may be contacted at any time, and must maintain such an account during his term of service if elected. As minimum qualifications for Treasurer, all candidates must be familiar with generally accepted accounting principles (“GAAP”), must be able to maintain the club's financial records in compliance with the club's existing financial policies and reporting formats, and must be familiar with the tax reporting requirements and forms required by the IRS or other applicable taxing authority.
- B. Ballot Processing and Counting.
1. Ballots must be received by the Nominating Committee Chairman by May 10. The ballots shall be counted by the Nominating Committee Chairman as they are received.
  2. If less than 10 votes separate an elected candidate from a non-elected candidate, the ballots shall be recounted. The recount shall be performed by the Nominating Committee Chairman in the presence of at least two other disinterested club members if Nominating Committee members are not available. After they have arrived at unanimous agreement as to the vote totals, they shall

jointly confirm the results in writing as specified below. The ballot recount shall be completed no later than May 19 with notice of the election results given by May 20.

C. Notification of Election Results.

1. Recount Unnecessary. If a recount is not necessary, the Nominating Committee Chairman shall notify the following persons of the election results by May 10: each candidate; the President; the Secretary; the Chairman of the Board of Directors; and the *Switcher* Editor. Notice shall be by telephone or email.
2. Recount Necessary. If a recount is necessary, the Nominating Committee Chairman shall notify the above-named persons of the necessity for a recount by May 10 and give notice of the recount results by May 20. Both notices shall be by telephone or email.
3. Announcement & Publication of Election Results. The Nominating Committee Chairman shall announce the election results at the annual Business Meeting at the next annual convention. The *Switcher* Editor shall publish the election results in the August *Switcher*.
4. Retention of Ballots. All ballots cast in each election shall be delivered to the Business Manager who shall retain them until the following September 1.

**ABL #10. Gender.** The use of a masculine pronoun in either the Constitution or these Administrative By-Laws to refer to a member shall be deemed a proper reference even though such member may be female.

**ABL #11. Grading Standards.**

A. When selling merchandise, LOTS members will use the Train Collectors Association (TCA) Grading Standards as shown below.

B. The following Condition and Grading Standards apply to all toy train and related accessory items. The items that are being evaluated may or may not include the original box. Boxes and other paper are subject to a separate set of grading and condition standards. Standards for all toy train related accessory items apply to the visual appearance of the item and do not consider the operating functionality of the equipment.

C. Condition and Grading Standards are subjective, at best, and are intended to act as a guide. It is important and logical that wishful thinking not be allowed to influence the choice of grade.

C-10 Mint - Brand New: all original; unused and unblemished.

C-9 Factory New - Brand New: all original; unused; may evidence factory rubs and the slightest evidence of handling, shipping and having been test run at the factory.

C-8 Like New - Complete all original: no rust, no missing parts; may show effects of being on display and/or age; may have been run.

C-7 Excellent - all original: minute scratches and paint nicks; no rust and no missing parts; no distortion of component parts.

C-6 Very Good: Minor scratches and paint nicks, minor spots of surface rust, free of dents. May have minor parts replaced.

C-5 Good - Sign of play wear: scratches and minor paint loss. Small dents, minor surface rust. Evidence of heavy use.

C-4 Fair: Scratched, moderate paint loss, dented missing parts, surface rust. Evidence of heavy use.

C-3 Poor - Requires major body repair: Heavily scratched, major rust and missing parts.  
Restoration candidate.  
C-2 Restoration required.  
C-1 Junk - parts value only.

(As revised in July 15, 2022)