

**By Laws  
of the  
Southern Michigan Railroad Society, Inc.**

Originally Adopted  
December 28, 1982

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**BYLAWS**  
**of**  
**THE SOUTHERN MICHIGAN RAILROAD SOCIETY, INC.**

**Article One: PURPOSE**

**1.1**  
The purpose of the corporation is to operate and maintain a railroad, and any and all other purposes that a railroad company may exist pursuant to the State of Michigan Railroad Code of 1993, being Act 354, Public Acts of 1993, which shall promote the awareness of railroad history and technology through the preservation, operation, restoration, and display of antique, historic, or technically significant types of railroad equipment, other machinery, and memorabilia for the benefit of the public at large, and any and all other purposes that may exist as a charitable and educational non profit corporation.

**1.2**  
To further these purposes the Society shall purchase, receive or lease railroad equipment, artifacts, and property, and other types of machinery and equipment useful in maintaining them, restore these articles of property and establish a museum which will display and/or operate them on a regular basis with appropriate instruction and information.

**1.3**  
The society shall conduct necessary fund raising activities from time to time as authorized by the Board of Directors.

**Article Two: MEMBERSHIP**

**2.1**  
**GENERAL CONDITIONS:** Membership in the Southern Michigan Railroad Society, Inc. is to provide charitable and educational services to the public as a public benefit charity and not to receive private benefits. Members are a fellowship of like-minded individuals who work together to promote and advance the Society's purposes. All persons so interested may become a member in accordance to the membership classifications indicated within this Article Two, with all members accorded the rights and privileges contained in these Bylaws, including, but not limited to, participation in Society events and undertakings; receipt of notice of events, accomplishments, and actions of the Board of Directors; and other privileges as may be specified by the Board of Directors.

**2.2**  
**CLASSES OF MEMBERSHIP:** The following classes of membership shall be established: Associate, Regular, Lifetime, Family, and Supporting.

**2.2.1**  
**ASSOCIATE MEMBERS:** Associate members shall be those individuals who have obtained the age of 16 years but have not attained the age of majority for a Michigan resident. Associate members shall not be eligible to vote in the elections of the Society, nor run for office. The Board may restrict the activities of Associate members around Society equipment and property as a result of safety and prevention of injuries.

**2.2.2**  
**REGULAR MEMBERS:** Regular membership shall be open to all natural persons who have reached the age of majority for Michigan residents, paying an annual membership fee. Regular members shall be eligible to vote in all elections and participate in all functions and business of the Society as outlined in these bylaws.

**2.2.3**  
**LIFETIME MEMBERS:** The Board of Directors, by a unanimous vote, may grant a Lifetime Membership to any member as a result of their continued participation and contributions, not necessarily monetary, to the overall purposes of the Society. Lifetime members shall have been a member for at least a minimum of seven (7) years before the Board can consider a request for Lifetime Membership. Lifetime members shall not be required to pay membership dues. Lifetime

members shall be eligible to vote in all elections and participate in all functions and business of the Society as outlined in these bylaws.

#### **2.2.4**

**SUPPORTING MEMBERS:** Supporting members shall be those individuals, corporations, clubs, organizations, or other entities which support the Society through annual contributions, donations, or other financial support in meeting its purposes, obligations, and responsibilities. Supporting members shall pay no less than the regular membership fee. Supporting members shall not be eligible to vote in elections of the Society as outlined in these bylaws.

#### **2.2.5**

**FAMILY MEMBERS:** Family members shall consist of two related adults or at least one adult and one child, where the child has not reached the age of majority of Michigan residents. No more than two adults with at least one child shall be allowed under this classification of membership. The adults shall be eligible to vote in all elections and participate in all functions and business of the Society as outlined in these bylaws. Children under the Family membership classification must be in the accompaniment of and be supervised by at least one adult at all times on Society property. Membership dues shall be no less than that of a Regular Member. The Board may restrict the activities of underage members around Society equipment and property as a result of safety and prevention of injuries.

#### **2.3**

**MEMBERSHIP DUES:** The Board of Directors shall have authority to set the amounts of membership fees for the various classes of membership as outlined in this Article Two and shall do so at their regular scheduled board meeting held in January of each year. The Board of Directors shall establish such fees in a way that membership may be available to a broad section of the Public at Large.

#### **2.4**

**ACCOUNTING OF MEMBERSHIP:**

##### **2.4.1**

Membership in the Society shall begin on the first day of the month following receipt of a completed Application for Membership and annual membership fee.

##### **2.4.2**

Members, whose classification grants voting privileges in the Society, become eligible to vote in their seventh month of membership.

##### **2.4.3**

Membership dues shall be payable on the first day of January for those members who join the Society during October through March, and shall be payable on the first day of June for those members who join the Society during April through September. Membership shall be canceled for failure to pay dues with a grace period, which shall be one month unless extended by the Board of Directors. During this grace period, members shall not be eligible to vote during elections of the Society.

##### **2.4.4**

The Board of Directors may adopt procedures for membership reinstatement and transfer between classifications.

#### **2.5**

**LIMITATIONS ON THE ACTIVITIES OF MEMBERS:**

##### **2.5.1**

Members and other attendees of Society events and activities are prohibited from using affiliation with the Society for purposes other than the intended purposes of the Society, including, but not limited to, sales activities and promotion for personal or corporate business activities.

### **2.5.2**

A conflict of interest may arise when a member has some other interest that might suggest divided loyalty on the part of the member between obligations to the Society on one hand, and to some other organization, cause, or business relationship, on the other. A conflict of interest may exist when a member, officer or director participates in an issue important to the Society while the individual, at the same time, has other professional, business or volunteer responsibilities outside of the Society that could predispose or bias the individual one way or another regarding the issue.

Members, officers, or directors may be subject to termination of membership where a conflict of interest is apparent without full disclosure and refraining from participation; and such member, officer, or director shall have no voting rights during such termination hearings. Serious, visible, continuing or pervasive conflicts shall result in immediate termination of membership.

Members, officers, or directors, who join the Society or its committees or board, with the intent or purpose to do harm, violate or jeopardize the purposes, mission, physical resources such as equipment, building, property or other assets, or the managerial or fiduciary responsibilities of the Society or where a conflict of interest is apparent are subject to immediate termination of membership and may not rejoin the Society.

### **2.6**

**TERMINATION OF MEMBERSHIP:** Membership shall be automatically terminated for failure to pay annual membership dues in accordance to the provisions of these Bylaws.

Membership may also be terminated by the Board of Directors at a regularly scheduled Board meeting or special Board meeting called for that purpose, after a hearing is held where the reasons for termination shall be stated by the Secretary and recorded in the Society's records. Reasons for termination of membership by the Board shall include, but not be limited to, malicious destruction of Society property or any property stored upon the grounds of the Society by agreement; malfeasance of office by a Board member, employee, director, or department manager; embezzlement by any member; or failure to follow established rules and procedures resulting in the death, dismemberment, or injury to Society members or the public. Membership terminated as a result of such a hearing shall be for a minimum of one year, and may be considered for a longer period of time by the Board of Directors.

The Secretary shall notify the member charged for termination that such a hearing has been called by the Board of Directors to show cause why membership privileges shall be terminated. Notice of said meeting shall be mailed not less than 30 days prior to the hearing to the member involved and shall be posted in the Meeting Room and Crew Room at the same time. The member who is charged for termination shall have the rights to a closed hearing if so requested by the member, and shall be able to postpone the scheduled hearing for an additional 30 days to prepare their justifications. The Board of Directors may request input on such termination from the membership present at the scheduled hearing.

A two-thirds vote of the directors shall terminate the membership.

### **2.7**

**DUTIES OF MEMBERS:** All members must adhere to the Bylaws of the Corporation and established rules and procedures as adopted by the Board of Directors. Those members with voting privileges indicated in the above paragraphs of Article Two may be considered for nomination to the Board of Directors. Members are to conduct themselves in a professional, honorable and safe manner and to promote and support the purposes of the Society.

### **2.8**

**DISPUTE RESOLUTION:** The Members agree that keeping legal costs to a minimum is of vital importance to the success of the Society. Pursuant to this, Members agree that any controversy or claim of a Member against the Society, its members, officers or directors, shall be raised with good faith attempt to resolve:

1. First through the normal processes for dispute resolution within the Society;

2. Second to the Society's Board of Directors, in a complaint, outlining in writing each and every controversy or claim;
3. Third to non binding mediation in Adrian, Michigan, by a mediator to be selected by the parties from a panel of former Michigan district or circuit court judges, with costs paid by the complaining member. Parties agree to mediate in good faith over a minimum period of thirty (30) days.

These good-faith steps, including mediation, shall be a precondition to filing of any lawsuit by a Member.

### **Article Three: BOARD OF DIRECTORS**

**3.1**  
NUMBER AND TERM: There shall be seven directors elected on a staggered two year term, with three directors elected the first year and four directors elected the next year, so the Board may maintain continuity. Each director shall serve a two year term of office with the ability to serve no more than four consecutive terms.

They shall be elected at each annual General Membership Meeting.

Board officers are elected as current bylaws read per 1 year term.

Voting to be done per Section 7.1.3 and 7.1.4.

**3.2**  
QUALIFICATIONS: Directors must be voting members of the Society at the time of and during their term of office. Members must have at least one year of continuous membership to qualify to serve on the Board of Directors.

**3.3**  
QUORUM: Presence in person of a simple majority of the Directors shall constitute a quorum of the Board of Directors.

**3.4**  
RESIGNATION: A Director may resign at any time, orally or in writing, by notifying the Board of Directors or President. The acceptance of such a resignation by the Board of Directors shall be necessary to make it effective.

**3.5**  
REMOVAL: If any Director shall fail to attend three meetings of the Board of Directors in succession without explanation for such failure, the Board of Directors, by two-thirds vote, may declare the office of such Director vacant and fill the same from the general membership as herein provided. A Director shall also be removed upon termination of membership.

**3.6**  
VACANCIES: In the event of withdrawal from candidacy, resignation or removal of a Director, a replacement shall be selected from among the voting members of the Society at any regular meeting or special meeting called for that purpose.

**3.7**  
POWERS ~ GENERAL: All corporate powers shall be exercised by the Board of Directors, except as required by law, or by these bylaws. The Directors shall act only by vote of the Board, and individual Directors shall have no power as such, except as director of the Board and except that the President may issue instructions to the employees within the approved policies of the Society, subject to review by the Board at its next meeting. The Board of Directors will develop, determine and prosecute Society policy in the service of the purposes of the Society.

**3.8**  
POWER TO APPOINT AND REMOVE OFFICERS AND AGENTS: Except as otherwise provided in these bylaws, the Board of Directors shall have power to appoint such other officers and agents as the Board may deem necessary for

transaction of the business of the Society. Any such officer or agent may be removed by the Board of Directors whenever in the judgment of the Board the interests of the Society will be served thereby.

**3.9**  
**DELEGATION OF POWERS:** For any reason deemed sufficient by the Board of Directors, whether occasioned by absences or otherwise, the Board may delegate, for a specific purpose or time period, all or any of the powers and duties of any officer to any other officer or Director, but no officer or Director shall execute, acknowledge or verify any instrument in more than one capacity.

**3.10**  
**POWER TO APPOINT EXECUTIVE COMMITTEE:** The Board of Directors shall have power to appoint by resolution an Executive Committee composed of two or more Directors who, to the extent provided in such resolution, shall have and exercise the authority of the Board of Directors in the management of the business of the Society between meetings of the Board.

**3.11**  
**POWER TO REQUIRE BONDS:** The Board of Directors may require any officer or agent to file with the Society satisfactory bond conditioned for faithful performance of his duties.

**3.12**  
**ELECTRONIC MEETING:** At the request of a member of the Board of Directors, where it is not possible to attend the regularly scheduled or special meeting of the Board, the Board member may participate in a meeting by means of telephone or similar communications equipment by which the member shall hear and be heard by all other participants in the meeting, and where at least a quorum of the board is physically present. Participation in a meeting pursuant to this section constitutes presence in person at the meeting. The minutes of the meeting shall record the presence of members participating through electronic means.

#### **Article Four: OFFICERS**

**4.1**  
**OFFICERS:** The officers of the Society shall be a President, a Vice President, a Secretary, and a Treasurer; each to have duties as specified by these bylaws, or as determined by the Board of Directors. The officers are to be elected from the Board of Directors by a majority vote of the Directors.

**4.2**  
**TERMS:** The terms of the officers shall be one year, commencing with their election at the first meeting of each Board of Directors following the Annual General Membership meeting and lasting until their successors are elected at the first meeting of the next year.

**4.3**  
**RESIGNATIONS:** An officer may resign his officership at any time, orally or in writing, by notifying the Board of Directors or President. The acceptance of such a resignation by the Board of Directors shall be necessary to make it effective.

**4.4**  
**TERMINATION OF OFFICE:** Termination of membership or removal as a Director of the Board automatically terminates any officer position. The Board of Directors, upon a two-thirds vote, may suspend an officer from their duties as a result of the suspicion or accusation of embezzlement of funds, malfeasance of office, or notification that the officer is accused of a criminal act.

**4.5**  
**VACANCIES:** A vacancy of any office caused by death, resignation, or other cause shall be filled from among the Directors as soon as possible by the Board of Directors at any regular meeting, or special meeting called for that purpose.

#### **4.6**

**THE PRESIDENT:** The President shall be Chairman of the Board of Directors. He shall be responsible for the affairs of the Society, and have general supervision over them, subject to the concurrence of the Board of Directors. He shall preside at all meetings of the Board of Directors and Membership. He shall be ex-officio a member of all committees except the election committee. In general he shall perform all the duties of the chief executive officer of a corporation, and other such duties as specified to him by the Board, unless the President delegates them to an employee. The President will issue instructions to employees.

#### **4.7**

**THE VICE PRESIDENT:** At the request of the President, or in his absence, the Vice President shall perform all the duties of the President and in so acting shall have all the powers of and be subject to all the restrictions on the President. The Vice President shall perform other duties as may be assigned to him by the Board of Directors.

#### **4.8**

**THE SECRETARY:** The Secretary shall be secretary to the meetings of the Board of Directors and the Membership, and shall keep and publish minutes thereof. He shall receive, and cause to be given or served all notices of the Society as specified in these bylaws. He shall cause the reports, statements, and other documents required by law to be properly kept and filed. The Secretary shall perform other duties as may be assigned to him by the Board of Directors. The Secretary shall keep a roster of the members of the Society, and make it available to any person, upon ten days notice, at a mutually agreeable location. This roster shall not be used for purposes other than those in furtherance of the purposes of the Society.

#### **4.9**

**THE TREASURER:** The Treasurer shall keep, in books belonging to the Society, account of all monies received and expended by the Society. He shall deposit monies received by the Society, in such depositories as shall be approved by the Board of Directors, with the persons approved by the Board of Directors as authorized signatories thereto, unless the depositing of monies be delegated to an employee. He shall disburse the funds of the Society as may be ordered by the Board, taking proper vouchers and obtaining proper signatures for such disbursements, and shall render to the President and Directors at the regular meetings of the Board, and whenever requested by them, an account of all his transactions as Treasurer and of the financial condition of the Society.

#### **4.10**

**COMPENSATION:** Members of the Board of Directors may not be compensated by the Society for their services as Directors, other than reimbursement for actual and approved expenses.

#### **4.11**

**RETURN OF PAPERS AND PROPERTY:** Each Director, officer or agent of the Society, upon vacating his office for any reason whatsoever, shall return to the Society all books, papers, records, money and property of whatever kind in his possession or under his control belonging to the Society.

### **Article Five: ADVISORY COUNCIL**

The Board of Directors may seek the advice of members of the business community and the railroad industry, the historic and scientific branches of the academic community, and public officials, and invite these persons to sit on an Advisory Council to the Board so that they may regularly communicate individually or collectively with the Directors and advise the Board on its decisions. Advisors consenting to serve are seated by a vote of the Board and serve no fixed term. Advisors are removed by resignation or a vote of the Board.

### **Article Six: EMPLOYEES**

#### **6.1**

**EMPLOYEES ~ TERMS AND CONDITIONS:** The day-to-day operations of the Society may be entrusted to employees of the Society, who may volunteer their services or be paid to work either full or part time. Employee's positions shall be

designated by the Board of Directors, and the Board of Directors shall fix the contracts and/or compensation of the employees by motion of the Board of Directors. Employees shall serve no fixed terms and are hired and removed by vote of the Board of Directors, unless as specified by a contract or other agreement governing their employment by the Society.

**6.2**  
**GENERAL MANAGER:** The Board of Directors may delegate the responsibilities of this article in whole or in part to a General Manager, who shall be an employee subject to section 6.1 of this article.

## **Article Seven: ELECTIONS, VOTING**

**7.1**  
**ELECTION OF THE BOARD OF DIRECTORS:** Directors of the Society shall be elected in the manner described in this section.

**7.1.1**  
**ELECTION COMMITTEE:** Not later than June 15 of each year, the Board of Directors shall appoint an Election Committee which shall choose candidates for the next year's Board of Directors. This committee shall consist of at least two members who are not Directors. The Committee shall elect a chairman.

**7.1.2**  
**REPORT OF CANDIDATES NOMINATED:** No later than August 15 of each year, the nominating committee shall make a report to the Board of Directors of the names of candidates nominated for office. The Board shall take nominations from the floor for directors.

**7.1.3**  
**BALLOTS:** No later than October 1 of each year, the Secretary shall mail ballots containing the names of candidates for the Board of Directors (and their addresses, telephone numbers, and such biographical information the Board of Directors deems appropriate) in alphabetical order, and a space for write in candidates, with the instruction to vote for no more candidates than the number of seats to be filled by placing a mark next to the names.

**7.1.4**  
**VOTING:** Members may vote by returning ballots to the Election Committee, either by mail or by hand at the Annual General Membership meeting. Voting shall close at the beginning of the meeting as announced by the Chairman of the Election Committee. As the ballots are returned they shall be certified, and votes counted, by the Election Committee. During the General Membership meeting the number of votes received by each candidate shall be recorded, and a list prepared of candidates in descending order according to number of votes received. Should there be a tie for the last position to be filled, the voting members present shall hold a tie breaking vote.

**7.1.5**  
**WITHDRAWAL FROM CANDIDACY:** Any candidate may withdraw from candidacy by request to the Election Committee. If such a request is made after the ballots are printed, any votes received by the former candidate shall not be counted and his name shall not appear on the list of candidates in order of votes received.

**7.1.6**  
**NO PROXIES:** In member voting, proxies are prohibited. Amendment or repeal of this bylaw paragraph shall required a three-fourths majority vote.

**7.2**  
**RECALL:** A Director may be recalled from the Board of Directors by petition of the membership. A petition for recall containing the signatures of at least one tenth (10%) of the voting members of the Society shall be submitted to the Secretary (or Treasurer in the event of the Secretary's recall). This officer shall verify the signatures and request that the President (or Vice President in the event of the President's proposed recall) call a special meeting of the Board of Directors.

The Board of Directors shall review the request for recall and the reasons behind it, and make the Board's position on the recall known on a ballot for recall to be published no more than twenty (20) days after the receipt of the petition. The Secretary (or Treasurer) shall tabulate the results of the balloting at a meeting of the members and Directors, held not less than 20 or more than 40 days from the date of mailing of the ballots, the time and location of which shall be announced in the ballot. The Director shall be removed from office if Two-thirds (2/3) of the votes cast favor removal from office.

**7.3**  
**VOTING OTHER THAN FOR ELECTION TO THE BOARD OF DIRECTORS OR RECALL:** Whenever the Board shall decide that a question submitted for its decision is of such importance that it should be submitted to the membership for a vote, the Board shall order the Election Committee to place the question on the ballot for the election of Directors, or may order the Committee to issue a special ballot to the voting membership, and fix a deadline by which the ballots must be returned, but not less than 30 days from the date of mailing. Members may vote by returning ballots to the Election Committee, either by mail or by hand at any regular or special meeting called for that purpose, of the general membership or of the Board of Directors. A majority vote of the ballots cast shall be required to decide any question, unless otherwise provided in these bylaws.

**7.3.1**  
**SALE/LEASE/DISPOSAL OF PROPERTY:** Upon the proposed sale, lease or disposal of property, the Board of Directors shall determine whether such property has a value of less than or more than \$5,000.00, by either an appraisal of such property by a qualified appraiser, or by other documented means of determination. When such property has a value of more than \$5,000.00, and is proposed for sale, lease, or disposal by the Board of Directors, the Board shall call for a vote of the membership by mail ballot in accordance to Paragraph 7.3.

**7.3.2**  
**ACQUISITION OF PROPERTY:** The Board of Directors shall have the authority to acquire by purchase, lease, donation or bequest any and all property which fulfill the purposes of the Society. For any purchase or lease of property costing more than \$5,000.00, the Board of Directors shall call for a vote of the membership by mail ballot in accordance to Paragraph 7.3.

**7.3.3**  
**SALE OF RAILROAD LINE:** To complete the sale of any part of railroad route owned by the Southern Michigan Railroad Society, the Board of Directors shall call for a vote of the membership by mail ballot in accordance to Paragraph 7.3. Adoption shall require a two-thirds majority vote, as shall amendment or repeal of this bylaw paragraph.

**7.3.4**  
**EASEMENTS:** To complete the issuance of any easement exceeding 30 years duration, the Board of Directors shall call for a vote of the membership by mail ballot in accordance to Paragraph 7.3. Adoption shall require a two-thirds majority vote, as shall amendment or repeal of this bylaw paragraph.

**7.3.5**  
**MEMBER VOTING GENERALLY:** Except as otherwise mentioned in these bylaws, issues of importance which are to be voted upon by the members, shall be voted by mail ballot in accordance to Paragraph 7.3.

## **Article Eight: MEETINGS**

**8.1**  
**REQUIRED MEETINGS:** There shall be at least one General Membership Meeting and one meeting of the Board of Directors each year.

**8.2**  
**ANNUAL MEETING:** The Annual General Membership meeting and certification of election of Directors shall be held in November in the State of Michigan. The place and time of the Annual General Membership meeting shall be mailed to each

member by the Secretary no less than 60 (sixty) days before the meeting. The first meeting of the Board of Directors and election of officers shall be immediately following and at the place of the Annual General Membership meeting at which the election of said Directors was certified.

Fifteen or one-fourth of the membership, whichever is the small number, shall constitute a quorum at any general or special meeting of the membership.

**8.3**  
REGULAR MEETINGS OF THE BOARD: The place and time of regular meetings of the Board of Directors shall be decided by vote of the Board. No notice of regular meetings of the Board shall be required.

**8.4**  
SPECIAL MEETINGS OF THE BOARD: Special meetings of the Board may be called by the President and shall be called by the President or Secretary upon request of two Directors.

Written notice of the time, place and purpose of the special meeting must be sent to each Director no less than ten days before the meeting. A special meeting shall be considered duly constituted and any action taken at the meeting shall be binding if each Director waives in writing before, during or after the meeting his right to notice. Written waiver of notice may be by telegraph or other form or transmission. Special meetings of the Board may be in the form of conference calls or similar arrangements.

**8.5**  
ACTION BY UNANIMOUS WRITTEN CONSENT: If and when the Directors shall severally or collectively consent in writing to any action to be taken by the Society, such action shall be as valid corporate action as though it had been authorized at a meeting of the Board of Directors.

**8.6**  
SPECIAL MEETINGS OF THE GENERAL MEMBERSHIP: Special meetings of the General Membership may be called by vote of the Board. Written notice of the time, place and purpose of the Special Meeting of the General Membership must be mailed to each member no less than ten days before the meeting, provided that any matter brought before the membership for a binding vote shall follow the procedures and time limits of Article Seven.

**8.7**  
PARLIAMENTARY AUTHORITY: The procedures contained in Robert's Rules of Order, Newly Revised current edition shall be employed in conducting General Membership meetings and meetings of the Board of Directors in all cases to which they are applicable, and in which they are not inconsistent with the laws of the State of Michigan, or of these bylaws or with any particular procedures which the Board of Directors may adopt.

**Article Nine: DIVISIONS AND COMMITTEES**

The Board of Directors may appoint members of the Society to special committees or other divisions directed to accomplish particular projects or oversee certain operations of the Society. Existence of these divisions may be permanent or temporary. Committee members empowered to act under Sections 11.2 of these bylaws shall be responsible to the President or Treasurer within limits as may be set by the Board.

**Article Ten: AUTHORIZATIONS AND INDEMNIFICATIONS**

**10.1**  
EXECUTION OF CONTRACTS: The Board of Directors, except as otherwise provided in these bylaws, may authorize any officer, officers, employee, or employees in the name and on behalf of the Society to enter into any contract or execute and satisfy any agreement or instrument. Such authority may be general or confined to specific instances or periods, and may be subject to limitations set by the Board.

When the execution of any contract, agreement or instrument has been authorized without specification of the executing officer, the President may execute the same in the name and on behalf of, the Society.

The Southern Michigan Railroad Society Board of Directors does hereby certify that, as a matter of Society Policy, to clarify Article X Section 1 of the By-Laws, the Secretary of the Board of Directors has been authorized to execute any contract, agreement or instrument authorized without specification of the executing officer, in the absence of the Society President and when a document requires two signatures.

*By action of the Board of Directors, May 30, 1986, James Patterson, President, and Orcelia Davison, Secretary, set forth the clarification of this paragraph, with said officers appearing before Gary L. Couture, a Notary Public for the State of Michigan and County of Lenawee, whose commission expires 2/17/89, to certify this clarification as an amendment to the Bylaws of The Southern Michigan Railroad Society, Inc.*

#### **10.2**

**CHECKS AND DRAFTS:** All checks, drafts, and other orders for payment of money out of Society funds shall be signed by two of the signatures determined by vote of the Board of Directors.

#### **10.3**

**DEPOSITS:** The funds of the Society, not otherwise employed, shall be deposited from time to time to the order of the Society in such banks, trust companies, or other depositories selected by the Board of Directors at the request of the Treasurer.

#### **10.4**

**VOTING OF SECURITIES HELD BY THE SOCIETY:** Stocks and other securities owned by the Society may be voted, in person or by proxy, as the Board of Directors shall specify. In the absence of direction by the Board, such stocks and securities shall be voted as the President shall specify.

#### **10.5**

**INDEBTEDNESS:** The Board of Directors shall have full power and authority to borrow money whenever in the discretion of the Board the exercise of said power is required in the general interest of this Society, and in such case the Board of Directors may authorize the proper officers of this Society to make, execute and deliver in the name and behalf of this Society such notes, bonds, and other evidence of indebtedness, and said Board shall have full power to mortgage the property of this Society, or any part thereof, as security for such indebtedness, and no action on the part of the membership of this Society shall be requisite to the validity of any such note, bond, evidence of indebtedness or mortgage.

#### **10.6**

**INDEMNIFICATION:** The officers, directors, employees, agents, and servants of The Southern Michigan Railroad Society, Inc. shall be indemnified for any costs, expenses, or liabilities incurred as a result of the performance of their duties as provided in these Bylaws.

#### **10.7**

**LIABILITY OF DIRECTORS:** A volunteer director shall not be personally liable to the Society or its members for monetary damages for breach of the directors' fiduciary duty, except where there is:

- A) A breach of the directors' duty of loyalty to the Society or its members;
- A) Acts or omissions not in good faith or that involve intentional misconduct or a knowing violation of law;
- C) A violation of Michigan Statutes Annotated, Section 21.197(551)(1);
- D) A transaction from which the director derived an improper personal benefit; or
- E) An act or omission that is grossly negligent.

If the Michigan Nonprofit Corporation Act is subsequently amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Society shall be eliminated or limited to the fullest extent permitted by the Michigan Nonprofit Corporation Act, as so amended.

Any repeal or modification of the foregoing provisions of this Paragraph by the members of the Society shall not adversely affect any right or protection of a director of the Society existing at the time of such repeal or modification.

## **Article Eleven: DISSOLUTION AND DISTRIBUTION OF ASSETS AND EARNINGS**

### **11.1**

**HOW DISSOLVED:** This corporation may be dissolved only on the written vote of the voting membership under the procedures of Section 7.3. The corporation shall be dissolved if a three-fourths majority of the ballots returned within 30 days favor dissolution. Amendment or repeal of this Bylaw paragraph shall require a three-fourths majority vote.

### **11.2**

**DISTRIBUTION OF ASSETS:** In the event of dissolution, all assets, real and personal, shall be conveyed to the National Trust for Historic Preservation. If The National Trust is unable to accept the conveyance for any reason, all assets, real and personal, shall be distributed to such other organizations as are qualified as tax exempt under Section 501(c)(3) of the Internal Revenue Code or the corresponding provisions of a future United States Internal Revenue Law.

### **11.3**

**DISTRIBUTION OF EARNINGS:** No member, director, officer or member of a committee of, or person connected with the Society, or any other private individual shall receive at any time any of the net earnings or profit from the operations of the Society, provided that this shall not prevent the payment to any such person of such reasonable compensation for services rendered to or for the Society in effecting any of its purposes as shall be fixed by the Board of Directors, and no such person, or persons, shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Society.

## **Article Twelve: AMENDMENT OF THE BYLAWS**

Proposed amendments to these bylaws may be made by any voting member and must be seconded by either one Director or three voting members. The amendment must be received by the Election Committee eighty (80) days before the annual General Membership Meeting. Proposed amendments shall be placed on the ballot for election of Directors. Voting on proposed amendments shall be conducted as specified in Sections 7.1.3 and 7.1.4 of these bylaws. The proposed amendment shall be adopted if a two-thirds majority of the votes cast favor adoption. The Board shall make its position on the proposed amendment known on the published ballot.

## **Article Thirteen: ADOPTION OF THESE BYLAWS**

These bylaws shall become effective upon their approval by a majority of the incorporators of the Society.

## **Article Fourteen: LIMITS ON LAWSUITS**

### **14.1**

Members assert that the Society is a fellowship in which there is no place for frivolous, vexatious or harassment lawsuits. Such lawsuits damage the Society with great expense, intimidation of volunteers, and chilling free speech. To prevent this, the Membership emphatically insists and desires the Court limit such lawsuits.

**14.1.1** Therefore, the Membership lays down the rules of this section, which constitute an agreement among the Members. This agreement must necessarily bind all Members, and shall continue to bind Members who quit membership and subsequently file an action in which they or other parties were members at any relevant time. Members agree that the Court should interpret this section broadly, and request that it do so.

**14.1.2** A cause for action by a Member against another Member, officer or director of the Society or Society itself arising from any act of that member, officer or director in furtherance of the person's right of petition or free speech under the United States or the Michigan constitution in connection with a public issue or with respect to corporate

governance shall be subject to a special motion to strike, unless the Court determines that the plaintiff or petitioner has established that there is a probability that the plaintiff will prevail on the claim.

- 14.1.3** In making its determination, the Court should consider the pleadings, and supporting and opposing affidavits stating the facts on which the liability is based.
- 14.1.4** If the Court determines the plaintiff has established a probability that he or she will prevail on the claim, members agree that neither that determination nor the fact of that determination shall be admissible in evidence at any later stage of the case, or in any subsequent action, and no burden of proof or degree of proof otherwise applicable shall be affected by that determination in any later stage of the case, or in any subsequent proceeding.
- 14.1.5** This section shall not apply to an enforcement action brought in the name of the People of the State of Michigan by the Attorney General, District Attorney or City Attorney, acting as public prosecutor.
- 14.1.6** As used in this section, "act in furtherance of a person's right of petition or free speech" or "issue of governance" includes:
- \* Any written or oral statement or writing made before a legislative, executive or judicial proceeding, or any other official or corporate proceeding authorized by law;
  - \* Any written or oral statement or writing made in connection with an issue under consideration or review by the Society or by a legislative, executive or judicial body or any other official proceeding authorized by law;
  - \* Any written or oral statement or writing made in a place open to the public or in connection with an issue of public interest or interest to the corporation;
  - \* Or any other conduct in furtherance of the exercise of a constitutional right of petition, or constitutional right of free speech in connection with a public issue or an issue of public interest to the corporation.
- 14.1.7** A special motion may be filed within 30 days of service of the complaint, or in the Court's discretion, at any later time upon terms it deems proper. The members and Society wish for the motion to be scheduled by the Court for a hearing not more than 30 days after service of the motion unless the docket conditions of the Court require a later hearing.
- 14.1.8** Members and Society agree that all discovery proceedings in an action shall be stayed upon filing a notice of motion made pursuant to this section. A stay of discovery shall remain in effect until notice of entry of the order ruling on the motion. Members and Society request and urge that the Court on a noticed motion and for good cause shown, may order that specified discovery be conducted notwithstanding this subdivision.

## **14.2**

Since the directors and officers of the Society are not compensated, except for reimbursement of actual or approved expenses, no cause of action against officers or directors of the Society on account of any negligent act or omission by that person within the scope of that person's duties as a director acting in the capacity of a board member, or as an officer acting in the capacity of, and within the scope of the duties of, an officer, shall be included in a complaint or other pleading unless the Court or Arbitrator enters an order allowing the pleading or claim that includes that claim to be filed after the Court or Arbitrator determines that the party seeking to file the pleading has established evidence that substantiates the claim. The Court or Arbitrator may allow the filing of a pleading that includes that claim following the filing of a verified petition therefore accompanied by the proposed pleading and supporting affidavit stating the facts upon which the liability is based. Members ask that the Court shall order service of the petition upon the party against whom the action is proposed to be filed and permit that party to subject opposing affidavits prior to making its determination.

## **14.3**

Notwithstanding any other provision in these bylaws to the contrary, since continued litigation may jeopardize the existence of this nonprofit Society; the Society or its affected defendant/respondent members, officers or directors may file an early motion in any court or arbitration proceeding for the Court or Arbitrator to require any plaintiff or petitioner to post a bond

in an amount deemed appropriate by the Court sufficient to adequately reimburse the defendants or respondents for their reasonable anticipated costs and attorney fees. It is the consent and will of the Members and the Society that this provision shall be interpreted broadly and to provide as much financial protection to the Society, its members, officers or directors as the law may reasonably permit.

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**CERTIFICATION OF ADOPTION OF BYLAWS**

I, Arthur Boyd, hereby certify that I am the duly elected President of The Southern Michigan Railroad Society, Inc. Further, that the Bylaws of the corporation, attached to this Certification, were adopted at a meeting of the corporation held December 28, 1982. I further state that said Bylaws have not been amended since the date of adoption.

Signed by Arthur Boyd, President,  
The Southern Michigan Railroad Society, Inc.

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## **AMENDMENTS TO THE BYLAWS**

Since the certification on the Adoption of the Bylaws in 1982, amendments have been made in accordance to the provisions of the Bylaws and adopted by the membership as follows:

Clarification May 30, 1986 (Clarification as to Article Ten, Section 1)

Amended September 1987 (Addition of Article Seven, Paragraph 7.3.1  
{which has been modified November 11, 2000})

Bylaws typeset September 1997 and distributed to membership.

Amended March 27, 1999 (Article Three, Paragraph 3.1)

Amended November 11, 2000 (Modification of various articles & the addition of Article Seven, Paragraph 7.3.2; Article Ten, Paragraph 10.6 and 10.7.)

Bylaws reprinted and distributed to membership March 2001.

Amended November 9, 2002 (Article 3, Paragraphs 3.1 and 3.2)

Amended November 18, 2006 (Article 2, Paragraph 2.2.4 and Paragraph 2.4)

Amended November 10, 2007 (Article 1, Paragraph 1.1 and Article 11, Paragraph 11.2)

Bylaws retyped with above amendments and distributed to membership September 2009.

Amended November 14, 2009, accepted April 10, 2010 (Article 1, Paragraph 1.1 & Article 2, Paragraph 2.5.2)

Amended November 13, 2010 (Modification of various articles & the addition of Article 2, Paragraph 2.8; Article 3, Paragraph 3.12; Article 7, Paragraph 7.1.6 and Paragraphs 7.3.3, 7.3.4, 7.3.5; and Article 14)

**The Southern Michigan Railroad Society, Inc.**

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