

BY-LAWS
of
FRIENDS OF THE RAILROAD MUSEUM
A Pennsylvania Non-Profit Corporation

Adopted: April 20, 2002
By Special Meeting of the Membership
By Board of Directors

Effective: July 1, 2002

Amended: January 20, 2006
Article VIII Sections 2 & 3
By Board of Directors

Effective: July 1, 2007

ARTICLE I

NAME

This organization, a non-profit corporation of the Commonwealth of Pennsylvania, shall be known as "Friends of the Railroad Museum" further identified herein as FRM.

ARTICLE II

PRINCIPAL ADDRESS

The registered office of the Corporation shall be at the Railroad Museum of Pennsylvania, Route 741 East, P.O. Box 125, Strasburg, PA 17579, or at such other location as the Board of Directors may, from time to time, establish.

ARTICLE III

PURPOSE

Section 1. The purpose of the Corporation is to aid, benefit and help the Railroad Museum of Pennsylvania at Strasburg, Pennsylvania (hereinafter known as the "Museum"). This aid may be through the carrying out of projects of preservation and restoration, acceptance of gifts, donations of time, money and/or materials, conduct of projects to raise funds, to accept and maintain endowments, to operate a museum store and to engage in any other activities for the benefit and general improvement of the Museum. The Museum is now devoted to preserving railroad history in the form of documents, records, locomotives, railcars, signal systems and other items associated with historic railroading in the Commonwealth of Pennsylvania and to provide education and expanded knowledge about the history of the railroad industry of Pennsylvania.

Section 2. The FRM shall be non-profit in nature in accordance with all applicable state and federal laws relating to such organizations. It shall operate exclusively for charitable, literary, informational, educational, cultural, historical and/or scientific purposes and shall be governed under the provisions of the Pennsylvania Non-Profit Corporation Law of 1988, 15 Pa.C.S. § 5101 et. seq. As the same may, from time to time, be amended, and consistent with Section 501 (c) (3) of the Internal Revenue Code of 1986, as amended. (All references to the Internal Revenue Code, and sections thereof, in these Articles shall refer to the Internal Revenue Code of 1986, and any corresponding provisions in said Code as it may hereafter be amended.)

Section 3. Friends of the Railroad Museum is incorporated under the Non-profit Corporation Law of 1988 solely and exclusively for charitable, educational and scientific purposes under Section 501 (c) (3) of the Internal Revenue Code, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501 (c) (3) of the Internal Revenue Code. Particularly, subject to the limitations set forth, the purpose of this corporation is to accept gifts, donations of time and materials, raise funds and to engage in other activities for the benefit and general improvement of the Museum; to aid the Museum in preserving railroad history and to provide for the education of those interested in the railroad history of the Commonwealth of Pennsylvania. This corporation does not contemplate pecuniary gain or profit, incidental or otherwise.

ARTICLE IV

MEMBERSHIP

Section 1. The FRM will not discriminate in its membership practices against any individual because of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability.

1. The FRM will comply with the requirements of the Pennsylvania Human Relations Act 43 Pa. § 951 et seq., as amended, and will not deny to any person because of their race, color, religious creed, ancestry, age, sex, national origin, handicap or disability the use of any of the accommodations, advantages, facilities or privileges of the premises or those made available in connection with activities conducted on the premises.

2. As used in these by-laws, the term "age" includes any person between the ages of 40 and 70, inclusive, and shall also include any other person so protected by further amendment to the Federal Age Discrimination in Employment Act.

Section 2. Any person twelve years of age or older, regardless of race, color, religious creed, ancestry, sex, age, national origin, handicap or disability shall, upon completion of a registration form as generated and approved by the Board of Directors (hereinafter known as Board, described in Article VIII), and, after payment of any legally specified fee, shall be accepted as a member subject to the conditions set forth below.

Section 3. The FRM shall have two classes of membership: A single class of voting members and a single class of non-voting members. The Board of Directors shall, from time to time, establish such categories within each class of membership as the Board deems advisable, and shall prescribe with respect to each such category of membership the amount of dues to be paid and the

rights and privileges incident thereto.

Section 4. Notwithstanding any resolution of the Board to the contrary, each member of a membership category upon whom is conferred voting rights shall have no more than one (1) vote and, except may be further provided by the By-Laws, no member in good standing shall be denied the right to vote on any proper business presented to the membership at any legally called general meeting.

Section 5. The Annual General Membership Meeting of the members shall be held on a date, determined by the Board of Directors, between the 1st of September and the 31st of October at the principal office of the corporation, or, at such other time or place as is determined by the Board. The Secretary shall cause notice of the date, time and place of the Annual General Membership Meeting to be provided to the members at least thirty (30) days prior to the date determined by the Board for the Annual General Membership Meeting. For purposes of this Section, notice shall be provided in accordance with Article XIII, Section 1.

Section 6. Special meetings of the members may be called by the Board or at the written request of 75% of the members. At least five (5) days' written notice stating the time, place and purpose of any special meeting shall be given to the members entitled to participate. It shall be the duty of the secretary to fix the time of the meeting, which shall be held not more than sixty (60) days after the receipt of the request. If the secretary shall neglect or refuse to fix the time of the meeting, the person or persons calling the meeting may do so provided that the place of the meeting shall be within the Standard Metropolitan Statistical area of the principal office of the Corporation.

Section 7. Those members present at a meeting shall constitute a quorum for the transaction of business at the meeting.

Section 8. Any member eligible to vote at any meeting of the members may be represented as present and may vote at such meeting by a proxy authorized in writing. Such written authorization must specify the matter with respect to which the proxy is granted and the person entitled to vote, must be signed and dated by the member granting the proxy, and must be filed with the Secretary of the Corporation.

Section 9. Membership in the FRM may be terminated by formal resignation of a Member or by a Member's failure to pay annual dues or other fees for a period of 90 days. An exception to the 90 day rule may be made in individual cases by action of the Board or by a representative appointed by them to evaluate such cases. Members terminated for nonpayment of dues may be considered for reinstatement after full payment of all monies in arrears.

Section 10. Membership may be terminated by action of the Board when

it has sufficient evidence of misconduct or other action which, in the Board's judgment, would derogate the honor or dignity of the FRM, the Museum and/or the Pennsylvania Historical and Museum Commission (hereafter known as PHMC) or its representatives.

Section 11. Members terminated for reasons covered in Section 6 shall not be due refunds on dues or other fees they have paid to the FRM.

Section 12. Termination notices or acknowledgments of resignation shall be issued by the Secretary within 2 weeks of such action.

Section 13. A member terminated under Section 6 of this Article shall have 30 days from the date the Secretary mails the notice of termination within which to appeal the decision. If the member desires to contest said termination, the member shall notify the President and Secretary within the 30 day period. If a member so contests termination of membership, the President shall bring the appeal before the Board within 90 days. At that meeting of the Board, the member shall be entitled to be present and shall be entitled to at least 30 days notice thereof. Final termination of a membership shall be held in abeyance during the appeal period.

ARTICLE V

OPERATIONAL YEAR

The FRM shall operate on the fiscal year, July 1st through June 30th.

ARTICLE VI

DUES

Membership dues and/or fees for the Fiscal Year beginning July 1 and running through June 30 will be set by the Board at its first meeting following January 1st of each year (see Article VIII, Section 12). Dues shall be payable to the Treasurer within 30 days of the mailing of the dues notice.

ARTICLE VII

GOVERNMENT

The FRM shall be governed by its Board, all of whom shall be elected by and from the general membership. The Museum Director shall be an ex-officio, non-voting member of the Board.

ARTICLE VIII

THE BOARD of DIRECTORS

Section 1. The Board shall consist of 11 elected directors. In order to be nominated for a Directorship the following minimum standards must be met:

1. Consecutive membership for 3 years in membership category conferring voting rights.
2. Minimum age of 25 years.
3. Must have demonstrated ability to take a leadership role in the FRM and dedicated to support the goals, objectives and activities of the Museum and those of the PHMC.
4. Must be willing to accept a leadership position with regard to committees or special projects as requested by the President of the FRM.

The Board reserves the right to waive the foregoing standards in whole or part as the need may arise.

The election of the Board shall be held by secret ballot each year at the Annual General Membership Meeting of the FRM, which shall be held in October, on a date determined by the Board. The newly elected Board shall first meet, together with the Board still in office, after the Annual General Membership Meeting but no later than December 15th of the same year.

Section 2. Candidates shall be selected by the Nominating Committee made up of the Vice President, as Chairman, plus 2 Board members appointed by the President. All previously elected Board members who choose to stand for re-election, shall automatically be considered as nominees. Nominations may also be made and seconded by voting FRM members from the floor at the Annual General Membership Meeting. The member, or committee, initiating a nomination from the floor must have the prior consent of the nominee. The names of the nominees shall be posted before all in attendance.

Section 3. All directors will serve terms of 3 years, with no more than 4 seats being up for election at any one time. Board members will be limited to 2 consecutive terms of 3 years each. Board members serving 2 consecutive terms will be eligible for re-election to the Board after a lapse of 1 year from the end of their current term to the beginning of a new term.

Section 4. The Secretary shall act as Chairman of the Election Committee and may be assisted by any number of FRM members, who are not nominees, as they choose. The Election Committee shall rank the nominees by

the number of votes each receives and shall then select the highest ranking in the same number as the number of vacancies on the newly elected Board (see Section 3, above). If the first ballot fails to provide a distribution of votes, a second ballot shall be taken using the names remaining after the first selected Board member names have been removed. The Secretary shall announce the names of the new Board members in alphabetical order and they shall be considered elected.

Section 5. Vacancies in the Board of Directors, including vacancies resulting from an increase in the number of directors, shall be filled by a majority of the remaining members of the board, though less than a quorum, and each person so elected shall be a director to serve for the balance of the unexpired term.

Section 6. No FRM member employed by the Museum or by the FRM in support of the Museum shall be eligible for election to the Board.

Section 7. To maintain Board membership a member of the Board must attend a minimum of four (4) scheduled Board meetings per calendar year. A Board member who is unable to attend a scheduled Board meeting is required to provide notification to the Board President, two (2) weeks prior to said meeting. Failure to attend the required four (4) scheduled meetings a year will result in the Board member's seat being declared vacant. The Board member will be considered ineligible for election to the Board the following year. The Board reserves the right to waive the foregoing standards upon proof of extenuating circumstances.

Section 8. The Board of Directors shall meet at least six (6) times per calendar year. The scheduled Board meeting will be on the third Saturday of the scheduled month at 9:30am at the Museum, unless some other time, place and date are specified either in writing or electronic mail and delivered to each sitting Board member at least fifteen (15) days prior to the date of each meeting. All actions required to be taken by the Board shall take place only at the Board's regular meeting or at a special meeting duly and legally convened by the Board. The presence of a quorum of the elected directors shall be necessary in order to undertake any business. For purposes of these By-Laws, a quorum shall be defined as the presence of at least six (6) duly elected Members of the Board of Directors. Unless specified otherwise herein, all actions of the Board shall be taken upon the vote or approval of a simple majority of the Directors in attendance. Any action which may be taken at a meeting of the directors may be taken without a meeting, if a consent or consents in writing setting forth the action so taken shall be signed by all of the directors in office and shall be filed with the secretary of the corporation.

Section 9. No contract or transaction between a nonprofit corporation and one or more of its members, directors or officers or between a nonprofit

corporation and any other corporation, partnership, association, or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, shall be void or voidable solely for such reason, or solely because the member, director or officer is present at or participates in the meeting of the board of directors which authorizes the contract or transaction, or solely because of his or their votes are counted for such purpose, if:

1. The material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors and the board in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors even though the disinterested directors are less than a quorum;

2. The material facts as to his/her relationship or interest and as to the contract or transaction are disclosed or are known to the members entitled to vote thereon, if any, and the contract or transaction is specifically approved in good faith by vote of such members; or

3. The contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors or the members.

4. Common or disinterested directors may be counted in determining the presence of a quorum at a meeting of the board which authorizes a contract or transaction specified above.

Section 10. The terms of the members of the Board will be from January 1st following their election to December 31st of the third year following their election.

ARTICLE IX

RESPONSIBILITIES OF THE BOARD

Section 1. The Board shall elect the officers of the FRM from the Board members (see Article X).

Section 2. The property and business of the FRM shall be managed by the Board.

Section 3. In addition to the general powers of the Board by virtue of their office, their power and authority are limited and described: by law, by terms of the "Agreement" between the FRM and the PHMC, by the terms of the Charter and elsewhere in these by-laws.

Section 4. The following specific powers are conferred on the Board:

1. To purchase or otherwise acquire for the FRM any property, right or privilege which it is authorized to obtain at such price or consideration and at terms they deem just.

2. To engage agents or employees when required to successfully carry out an approved project, to determine their duties and to establish their pay.

3. To remove or suspend subordinate agents or employees.

4. To confer, by resolution, upon any office or agent of the FRM the power to determine who shall sign bills, notices, receipts, acceptances, endorsements, checks, releases, contracts and any other investments.

5. To delegate any of the powers of the Board to standing committees, special committees, or to an officer or agent of the FRM such powers as the Board may see fit to grant and generally to do all such lawful acts which are not by Charter or these bylaws directed or required to be done by the members.

6. To direct, organize and supervise selected projects submitted to the FRM by the PHMC or by an authorized representative of the PHMC. Projects are as specified in Article III of the bylaws and consideration is based on the availability of volunteers and funding.

Section 5. The Board shall arrange for the purchase and maintenance of insurance coverage which will satisfy the requirements of the "Agreement" between the FRM and the PHMC.

Section 6. Indemnification of Directors, Officers and Other Authorized Representatives.

1. General Rule. A Director shall not be personally liable for monetary damages as Director for any action taken, or any failure to take any action, unless:

(a) the director has breached or failed to perform the duties of Director in accordance with the standard of conduct contained in Section 8363 of Subchapter F of Chapter 83 of Title 42 of the Pennsylvania Consolidated Statutes and any amendments and successor acts thereto; and

(b) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness;

Provided, however, the foregoing provision shall not apply to (a) the responsibility or liability of a Director pursuant to any criminal statute or (b) the liability of a Director for the payment of taxes pursuant to local, state or federal law.

2. Indemnification. Subject to the obligation of the Commonwealth of Pennsylvania to indemnify the officers, Directors, employees and other representatives of the Corporation, which shall be the primary source of indemnification, the Corporation shall indemnify any officer or Director or employee or other representative of the corporation who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, (and whether or not by, or in the right of, the Corporation) by reason of the fact that such person is or was a representative of the Corporation, against all expenses (including attorney fees), judgments, fines and amounts paid in settlement as to actions taken, or omitted to be taken, in such person's official capacity as officer or Director and as to actions taken, or omitted to be taken, in another capacity while holding such official capacity, or in such person's capacity as employee or representative provided, however, that no persons shall be entitled to indemnification pursuant to this Article in any instance in which the action or failure to take action giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

3. Advancement of Expenses. Expenses incurred by a person entitled to indemnification pursuant to this Article in defending a civil or criminal action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such person to repay the amount so advanced if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation.

4. Continuing Right to Indemnification. The indemnification and advancement of expenses provided pursuant to this Article shall continue as to any person who has ceased to be an officer or Director or employee or representative of the Corporation and shall inure to the benefit of the heirs, executors and administrators of such person.

5. Other Rights. This Article shall not be exclusive of any other right which the Corporation may have to indemnify any person as a matter of law.

ARTICLE X

ELECTION OF OFFICERS

Section 1. The Board shall elect the President, Vice President,

Treasurer and Secretary from their elected members as provided in Article XI. Ex-officio members are not eligible for election. The election shall take place at the first Board meeting held after the Annual General Membership Meeting. The election shall be held only by and from the Board members holding seats on the January 1st following.

Section 2. Offices which are unexpectedly vacated, before completing a full term, shall be filled by election from the remaining Board members. The new officer shall fill the unexpired portion of the established term for that office. If an officer must be so elected to fill an unexpired term, Article VIII, Section 3 applies as if the incumbent had started the established term from its beginning.

ARTICLE XI

OFFICERS AND THEIR DUTIES

Section 1. The President: shall be elected to serve a 2 year term to begin in even numbered years, with a maximum of 2 consecutive terms; shall be the chief executive officer; shall preside at all meetings; shall have active management of the business of the FRM; shall see that all instructions of the Board and, where applicable, the general membership are carried out; shall execute all bonds, mortgages and contracts affixing the corporate seal thereto when necessary; shall be custodian of the corporate seal; shall prepare a report of the operation of the FRM for the year; shall present said report at the Annual General Membership Meeting with copies transmitted to the PHMC and Museum Director (the Secretary shall file a copy of said report). This office shall, through special reports, keep the Board informed of matters that may affect the FRM; shall be an ex-officio member of all standing committees; shall have the powers and duties of management usually vested in the office of President in a corporation; and shall appoint all committees except herein otherwise specified. The President shall act as liaison officer between the FRM and the PHMC and their representatives.

Section 2. The Vice President: shall be elected to a 2 year term to begin in odd numbered years, with a maximum of 2 consecutive terms; shall be vested with the powers and shall perform the duties of the President during the absence of the latter; shall have such other duties as may, from time to time, be determined by the Board; shall have supervision over the enrollment of new members, and shall aid the President in his duties including project management.

Section 3. The Secretary: shall be elected to a 2 year term to begin in even numbered years, with a maximum of 2 consecutive terms; shall record the minutes of all Board and General Membership meetings; shall, when required, perform a like service for standing committees; shall send notices of all meetings of the Board and General Memberships (said meeting notices shall be mailed 30

days in advance of the meeting(s) involved except emergency meetings); shall maintain files of minutes, correspondence meeting attendance and other such paper work; and shall perform other duties as prescribed by the Board or the President.

Section 4. The Treasurer: shall be elected for a 2 year term to begin in odd numbered years, with a maximum of 2 consecutive terms; shall take charge of the funds of the FRM; shall make deposits and investments as deemed to the benefit of the FRM; shall pay bills authorized by the Board; and shall present an audited financial report at the Annual General Membership Meeting, with copies transmitted to the PHMC and Museum Director (the Secretary shall file a copy of said report). The Treasurer shall be bonded, each year, at a sum equal to double the anticipated income for that year; shall file Internal Revenue Service and Commonwealth tax forms.

Section 5. An Assistant Secretary and/or an Assistant Treasurer may be appointed by the President to assist the Secretary and the Treasurer, respectively, in the execution of their duties, at such time or from time to time as the Board may see fit. The appointment of any Assistant Secretary or Assistant Treasurer shall be subject to Board approval.

Section 6. The terms of the Officers shall be from January 1st of the year following their election to December 31st of the third year following their election.

ARTICLE XII

THE EXECUTIVE COMMITTEE

There shall be an Executive Committee of 4 Officers, viz. President, Vice President, Secretary and Treasurer. The Executive Committee is authorized to expend funds for extraordinary items, not to exceed the sum of \$1,000.00, and to expend funds pursuant to Budget Items previously approved by the Board of Directors and subject to ratification by the Board at its next meeting.

ARTICLE XIII

MEETINGS

Section 1. Whenever written notice is required to be given to any person under the provisions of these bylaws, it may be given to that person personally or by sending a copy thereof by first class mail or express mail, postage prepaid, or by telegram (with messenger service specified) telex or TWX

with answer back received or by courier services, charges prepaid, or by facsimile transmission, to his address (or his telex, TWX or facsimile number) appearing on the books of the corporation, or in the case of directors or members of committees thereof, supplied by him to the corporation for the purpose of notice. If the notice is sent by mail, telegraph or courier service, it shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a telegraph office or courier service for delivery to that person, or in the case of telex or TWX, when dispatched. A notice of meeting shall specify the place, day and hour of the meeting and any other information required by any other provision of this bylaw to be given in the case of notice.

Section 2. When a meeting of members is adjourned, it shall not be necessary to give any notice of the adjourned meeting or the business to be transacted at the adjourned meeting, other than by announcement at the meeting at which the adjournment is taken, unless the board fixes a new record date for the adjourned meeting.

Section 3. Any time when this corporation has more than 100 members of record, then, in that event, notice by mail of any regular or special meeting of members or any other notice required by the bylaws to be given to all members or to a class of members, must be given at least 20 days prior to the day named for the meeting or any corporate action or member action specified in the notice and may use any class of postpaid mail.

Section 4. Notice of a meeting of members may, in lieu of any written notice of a meeting of members, shall be given by causing the notice of the meeting to be officially published. If 80% of the members of record entitled to vote at the meeting do not have addresses of record within the territory of general circulation of the newspapers required for official publication, the notice shall also be published in newspapers that have an aggregate coverage that includes the addresses of record of at least 80% of the members of record.

ARTICLE XIV

STANDING COMMITTEES

Standing Committees may be designated by the Board to fulfill established and/or continuing need. Standing Committees shall prepare reports covering their activities, programs, present and future programs, etc. for presentation at the Annual General Membership Meeting. Said reports shall be transmitted with the President's and Treasurer's reports to the PHMC, Museum Director and Secretary's file. All standing committees shall terminate at the end of the elected year when they will be reviewed for continuance.

ARTICLE XV

AMENDMENTS

These bylaws are provided for the guidance of the FRM and shall be amended as the needs of the organization change. A meeting of the General Membership for comment on proposed revisions shall precede any changes in these bylaws. Notice of the time, date and location of such meeting must appear in any newsletter, bulletin or other such publication sent to all members of the FRM. Following that meeting Board members in good standing, by majority vote of those present at any official meeting of the Board having a quorum of the members in attendance, may amend these bylaws provided the meeting notice announced the intended changes.

ARTICLE XVI

MUSEUM ADVISORY COUNCIL

The Board of Directors may by majority vote, adopt by resolution the establishment of an Advisory Council. The Advisory Council shall support the goals and objectives of the FRM in support of the Railroad Museum of Pennsylvania and the goals of the Pennsylvania Historical and Museum Commission.

Section 1. Candidates shall be appointed to the Advisory Council with the majority approval of the FRM Board of Directors. Upon approval, the Advisory Counselor shall be granted Honorary Membership status.

Section 2. Members of the Advisory Council shall have the right to attend all regularly scheduled Board meetings but shall not have voting rights.

Section 3. An Advisory Counselor shall have the right to propose matters for discussion at regularly scheduled Board meetings. Following the presentation the Board of Directors can accept the matter for immediate discussion, refer the matter to administrative review for future consideration or place the matter on the agenda of the appropriate committee.

Section 4. An Advisory Counselor having performed effectively in terms of participation and stewardship, shall have the right to run for election to the Board of Directors at the next regularly scheduled election following their third year of service on the Advisory Council. The Advisory Counselor to be nominated for election to the Board of Directors shall become a dues paying

member of the FRM.

ARTICLE XVII

ADOPTION OF BYLAWS

These Bylaws shall be adopted by a majority vote of the Board present at any official Board Meeting, or they may be ratified by a mail poll by a majority of the Board. These Bylaws shall be in force on the first day of the Fiscal Year following their ratification.

CERTIFICATION

The undersigned, as Secretary of the Friends of the Railroad Museum, does hereby certify that the above are the amended Bylaws, having been submitted to the General Membership for comment in accordance with Article XV on the 20th day of April 2002, and adopted on the 20th day of April, 2002, by the Board of Directors of the Friends of the Railroad Museum.

M. Loretta Harrison,
Secretary

[SEAL]